

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday February 15 1983

D 8523 B

Foreign affairs:  
The issue is  
Mr Reagan, Page 13

## NEWS SUMMARY

### GENERAL

#### Cyprus returns president to power

President Spyros Kyprianou, the centre-right leader, was re-elected with 57 per cent of the vote in Cyprus.

Communists helped return him to power against two rivals, but he made it clear he would not be bringing any Communism into his middle-of-the-road policies.

The Communist party Akel did not insist on any radical policies. But both parties are committed to settling Cyprus's political problems through the United Nations.

Unlikely disowned the election because Turkish Cypriots did not take part. Page 2

#### Chilean reshuffle

Chile's Finance and Economy Minister Rolf Luderer was dropped in the Pinochet regime's third Cabinet shuffle in a year. Central bank president Carlos Caceres takes over. Page 4

#### PLO bar on Hussein

Palestine National Council member Khaled al-Fahoum said at its Algiers conference that the council would not authorise King Hussein of Jordan or non-PLO Palestinians to speak on behalf of Palestinians. Earlier story Page 3

#### UK MP's accusation

UK Conservative MP Charles Irving accused U.S. company Allied Corporation of "inhuman and cavalier" treatment of British workers by switching some high technology work from British subsidiary Linotype Paul to Frankfurt. Page 6

#### Aeroflot man held

Italian police arrested the chief of Soviet airline Aeroflot's office at Leonardo da Vinci airport, Rome.

#### Arson 'ruled out'

Police and local officials virtually ruled out arson as the cause of the Sunday cinema fire in Turin in which 64 people were killed.

#### University closed

Dacca University was closed after police and thousands of students fought in violent clashes in which one died and more than 80 were injured. Police used water cannon and tear gas.

#### 'Sack Tanaka' rally

About 5,000 people attended a rally in Nagasaki, Japan, calling for former Premier Kakuei Tanaka to resign as an MP because of his alleged involvement in the Lockheed bribery scandal.

#### Shergar suspects

Irish police issued descriptions of three men thought to be involved in the theft of Derby winner Sherger, one of the world's most valuable horses.

#### Frustrated Poles

About 200 Poles braved the Warsaw snow to attend the publicised opening of the country's first sex shop. It was a hoax, to publicise a consumer magazine and a second hand clothes shop.

#### Briefly...

Paris: Anarchist group claimed responsibility for placing small bomb which exploded outside offices of company working for Defence Ministry.

Bangkok: A bomb destroyed the office of Iraqi Airways.

Jakarta: Five runners drowned and three were injured when they were pushed off a boat crossing a river during a cross-country race.

Zurich: The canton parliament voted to allow police to use rubber bullets.

### BUSINESS

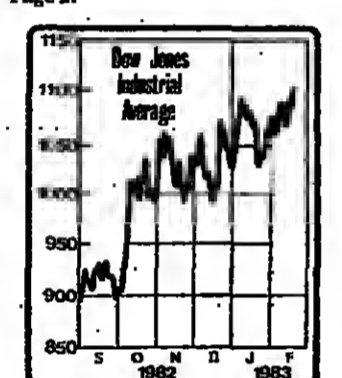
#### Wall St stocks close at new high

WALL STREET: Dow Jones index closed up 10.60 at 1097.10. Page 21. Full share listings, Pages 32-34

DOLLAR was generally firmer than on Friday, rising to DM 2.4155 (DM 2.4025), FF 6.8425 (FF 6.8125), SwFr 2.0085 (SwFr 2.0025), and Y25 (Y234.25). Its Bank of England trade-weighted index rose from 119.1 to 119.5. Page 30

STERLING eased 65 points to 15365 and fell from 1362 to 1361.75. It was unchanged at SwFr 3.9925, but improved to DM 3.72 (DM 3.7125) and FF 16.53 (FF 16.525). Its trade-weighted index slipped from 80.9 to 80.7. Page 30

GOLD fell \$0.75 in London to \$322.25. In Frankfurt it fell \$3 to \$320.15, and in Zurich by \$4 to \$308.5. Page 27



LONDON: FT Industrial Ordinary Index eased 1.8 to 668.7, but Government Securities showed rises averaging more than half of one per cent. Page 23. FT Information Service Pages 28, 29

TOKYO: Nikkei Dow index rose 38.02 to 8122.02, and Stock Exchange index was 2.83 up at 590.55. Pages 31, 34

AUSTRALIAN all-share index put on 6.8 at 514.9. Pages 31, 34

HONG KONG, FRANKFURT exchanges closed for holidays.

JAPAN'S Foreign Ministry has unofficially advised a large business delegation leaving for Moscow not to rush into major new contracts with the Soviet Union. Page 14

UK Government is expected to allocate eighth-round North Sea drilling licences this week.

CITY OF LONDON Fraud squad is investigating how Gallic Credit International of London went into liquidation leaving banks with £2m (\$12.3m) unpaid bills of exchange from West German importers. Page 15

ITALIAN state-owned shipping lines, nearly a third of the national fleet, are studying plans to stop using Genoa, Naples, Venice and Trieste because they are too expensive. Page 4

WEST GERMAN Economics Minister Count Otto Lambrecht warned the U.S. against adopting protectionist policies and said recent settlements of disputes had not disposed of potential new clashes with Europe. Page 4

IRAQ has asked Japanese creditor companies to defer its 1983 payments for one to three years.

BRITISH STEEL'S Llanwern works in south Wales last week produced a record 35,536 tonnes of iron and 43,332 of steel, at a plant record of 3.9 manhours a tonne, comparable with the best in Europe and Japan.

COCKERILL SAMBRE, the troubled Belgian steel group, plans to cut costs by Bfr 5.5bn (\$155m) in the next three years.

COCA-COLA, world's largest soft drink maker, increased net income 14.8 per cent to \$447.1m, and increased its dividend. Page 15

OLIVETTI, parent of the Italian business machine group, said it achieved record profits, in 1982, on turnover 13.7 per cent up. Page 15

## GM and Toyota in joint venture to build small cars

BY RICHARD LAMBERT IN NEW YORK

General Motors of the U.S. and Toyota of Japan - the world's two biggest motor manufacturers - have reached an agreement in principle on a joint venture to manufacture small cars in California.

Final details of the agreement, reached after a year's negotiations, have yet to be settled, GM said yesterday. The cars will be Japanese-designed and powered, and built at an existing GM plant in Fremont, California, which is at present closed. Starting late next year, production will climb to an annual rate of some 200,000 vehicles.

The new car will be a small front-wheel-drive vehicle, designed specifically for GM's Chevrolet division and sold through Chevrolet dealers. The U.S. company said yesterday that contrary to some reports, it would not be a copy of any car on sale in the U.S.

The body, seats and most of the trim will be produced in the U.S. About half the total content will be American in origin.

The board of the joint venture will be manned 50-50 by representatives of GM and Toyota. However, the president of the new company will be selected by Toyota.

The arrangement between the two companies will last for up to 12

years. It is thought that by putting a time limit to the deal, the two companies are hoping to stifle anti-trust objections which might be forthcoming from other U.S. manufacturers. Ford and Chrysler have already indicated concern about the pact.

Mr Roger Smith, GM chairman, said that "this will buy us time" to complete the development of the new technologies which the company would need to build its own small car in the U.S. at a profit. He pointed out that GM had in the past imported overseas makes to fill in temporary gaps in its product range.

GM said that the Fremont plant would employ some 3,000 workers, and the deal was conditional - among other things - on a satisfactory labour agreement being reached. The company said that a further 9,000 jobs could be created in the U.S. as a direct result of the new venture.

For GM the agreement represents a relatively cheap way of maintaining a presence in the domestic market for small cars. The company needs a replacement for its aging Chevette but has decided that it cannot hope to manufacture the "S" car - which it is now producing in Spain - at a profit in the U.S.

Toyota has been thinking for some time about establishing a plant in the U.S. and held discussions with Ford before turning to GM as a potential partner. More than 530,000 Toyota cars were sold in the U.S. last year, making them by far the biggest selling import.

Toyota is the third major Japanese manufacturer to take this step: Honda's first American-built car rolled off an assembly line in Ohio last November and Nissan is due to start production of a light pick-up truck in Tennessee during August.

Announcement of the GM pact came a day after it was announced that Japan, for the third year running, would limit its automobile exports to the U.S. to just under 1.7m vehicles a year.

Whether and when the U.S. should take a negotiating initiative in Geneva is thought to have been discussed in Brussels yesterday. Some Europeans favoured an initiative which fell short of the alliance's ideal objective of the zero option - no missile deployment by either side.

The U.S. is thought to be ready to take such an initiative eventually, but the timing remains completely uncertain. Most Nato diplomats doubt that the Soviet Union will start to negotiate seriously in Geneva until well after the West German federal elections on March 6 and perhaps not until deployment of the U.S. missiles has begun in late autumn.

The SCG agreed yesterday that the Soviet position was aimed at achieving a "substantial and destabilising monopoly" in land-based intermediate missiles.

The Soviet aim, the statement said, was to alter radically the security situation in Europe by weakening the link between Europe and the U.S. strategic forces and by

Continued on Page 14

## Hyster UK proposals may hit European plants

By Mark Meredith in Edinburgh and Peter Bruce in London

HYSTER, the world's second biggest fork lift truck producer, yesterday asked the 500-strong workforce at its plant in Irvine, Scotland, to accept a 9.8 per cent cut in basic pay as a condition for implementing a £40m (\$82m) investment scheme at the plant. Hyster says the scheme could create 1,000 jobs in the next five years.

Acceptance of the scheme by the Scottish workforce could have wide-ranging implications for Hyster's European operations, affecting capacity at a plant in the Netherlands and a component factory in Belgium.

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Concentrating most of Hyster's European fork lift truck output at Irvine would form part of an extensive international re-structuring by the company to adapt to worldwide overcapacity and a serious drop in demand for lift trucks. The UK Government has promised substantial assistance with the project for an area with high unemployment.

Workers have until Wednesday to return a coupon at the bottom of a letter from Mr William Watson, the managing director of Hyster at Irvine, signing their agreement.

Besides the drop in basic pay, the workers would lose as much as 13 per cent, overall, when fringe benefits are included.

The Hyster workers, who rejected unionisation in 1979 by a substantial majority, could lose about £500 in fringe benefits alone, including a £300 bonus and premiums paid during the Easter and annual holidays.

Mr William Kilkenny, the American chairman of the Hyster Corporation, said after preselection of the restructuring proposal that the plan was designed to make wages an irrevocable competitive with other automated handling equipment companies in the UK.

He said he wanted to bring wages down to a level about equal with the sixth ranking Lansing Bagnall, the main UK producer, as well as wages for Hyster workers in Northern Ireland.

It is believed that Hyster may transfer production of most of the range currently produced by its plant in Nijmegen, in the Netherlands, to Irvine, if the offer is accepted by the workforce.

## Philips drops charge after VTR accord

BY OUR WORLD TRADE STAFF

PHILIPS, the Dutch electrical group, wants to withdraw the anti-dumping complaint it has lodged with the European Commission against Japanese video tape recorder manufacturers. It will try to persuade Grundig of West Germany to drop their joint action, group officials said yesterday.

The change of heart follows last weekend's agreement between Japan and the Commission on export restraint. The centrepiece of the agreement is an undertaking by Japanese manufacturers to hold VTR sales in the EEC this year to 4.55m units and to guarantee the European companies sales of 2.1m units.

The package of Japanese export restraint commitments was presented in Brussels yesterday by Viscount Etienne Davignon and Herr Wilhelm Haferkamp, the Commission negotiators.

They said it could hasten the end of a destructive trade conflict. But whether EEC governments agree will not be apparent until after next Tuesday's meeting of the Council of Ministers.

Whitehall's first reaction was that the agreement did not meet the main object of British policy - the wider opening of the Japanese market so that an estimated £2bn trade deficit in 1982 could more easily be redressed.

The UK Government is therefore likely to press for further action on the complaint the EEC has brought against Japan, covering the whole

pattern of Japan's import and export policies, at the General Agreement on Tariffs and Trade in Geneva.

It was clear yesterday, however, that Whitehall is not thinking of demanding further measures to restrain Japanese imports.

It is felt that the VTR agreement satisfies the main British interest of a sufficient supply of VTR kits for the Thorn-EMI assembly plant at Newhaven, Sussex, and the planned Sanyo and Mitsubishi plants.

This year's ceiling of 4.55m VTRs from Japan covers 600,000 kits to be assembled in the UK and West Germany. Philips said the agreement, also taking in a Japanese undertaking to align prices with those of EEC manufacturers, is the first step towards an ordered market.

The market situation has been stabilising in recent months, said Philips. In West Germany last year some Japanese VTR prices were cut by 30 per cent.

When Philips and Grundig lodged their anti-dumping complaint last November, market analysts estimated that Grundig had been forced to reduce the price of its top-of-the-range models from DM 2900 (\$1200) to DM 1900, while outdated Japanese models were available at DM 1000.

Editorial comment, Page 12; Japanese mission to Moscow, Page 14

## Arens takes charge of Israeli defence

BY DAVID LENNON IN TEL AVIV

ISRAEL'S Ambassador in Washington, Professor Moshe Arens, has accepted the Defence Minister's post in place of General Ariel Sharon, who was forced to resign over the Beirut massacre.

Mr Menahem Begin, the Prime Minister, however, told a European Parliamentary delegation yesterday that the Cabinet changes "will not have any impact on the problem of peace in the Middle East."

Prof. Arens is expected to return to Israel within a few days after the Knesset (Parliament) has approved his appointment. Once previously he was offered the Defence Ministry by Mr Begin but turned it down because of his opposition to the Camp David peace accords.

General Sharon took leave of the ministry staff and the senior military command yesterday with a speech implying that his departure would weaken Israel's defences.

His retention in the Cabinet as a Minister without portfolio was expected to be approved by the Knesset. The opposition parties condemned this move, arguing that it contradicted the spirit of the recommendation for his dismissal made by the inquiry commission.

In his farewell speech, Gen Sharon doubted if his successors would be as willing as he had been to use Israel's armed forces to deter any developments outside the country's borders.

Arens profile, Page 3

## Nato launches attack on Soviet missile proposals

BY JOHN WYLES IN BRUSSELS

THE U.S. and its European allies in Nato yesterday launched a public offensive against recent Soviet proposals for nuclear missile reduction. They condemned the proposals as inadequate and designed to achieve Soviet dominance in Europe.

This sharpness of tone from the Nato headquarters denotes a determination to counter the propaganda victories of Mr Yuri Andropov, the Soviet leader, in making a variety of proposals on disarmament and detente.

The Special Consultative Group (SCG), which comprises arms control experts from Nato national capitals, yesterday issued a toughly worded attack on the Soviet position on intermediate-range missiles. It also, unusually, arranged a press conference for its chairman, Mr Richard Burt, the U.S. Assistant Under-Secretary of State for European affairs.

The Nato group's rhetorical fire was aimed at the offer made by Mr Andropov in December to reduce the number of Soviet SS 20 missiles in Europe to the level of the 162 British and French national deterrent systems.



Mr Yuri Andropov

Mr Andropov's intention was to persuade the Nato alliance to abandon deployment of the controversial U.S. cruise and Pershing missiles, which are due to be in position in five European countries by the end of the year.

The Andropov offer has been formally tabled as a proposal at the arms control talks which reopened in Geneva at the end of last month. Since then Mr Burt said yesterday, the talks had been "somewhat disappointing" because the Soviet Union had not been taking a forth-

coming approach.

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The U.S. is thought to be ready to take such an initiative eventually, but the timing remains completely uncertain. Most Nato diplomats doubt that the Soviet Union will start to negotiate seriously in Geneva until well after the West German federal elections on March 6 and perhaps not until deployment of the U.S. missiles has begun in late autumn.

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## British Steel cuts some prices in bid to regain market share

BY PETER BRUCE IN LONDON

THE British Steel Corporation has begun an intensive price campaign to regain lost market share in the UK.

Welded tube and hollow section list prices have been slashed, in some cases by up to 35 per cent, and customers have been told to expect strip product prices to rise an average 10 per cent.

The price moves, introduced after steep falls in sterling's value against major trading currencies, threaten losses among some of BSC's most important customers, steel stockholders, and have raised fears that any market share gains will be at the expense of British independent steel product manufacturers, rather than foreign producers.

The decrease in welded tube prices has angered many stockists. After increases worth 25 per cent between November 1981 and January

last year, margins on welded tubes increased significantly, as BSC began offering heavy rebates when its market share had been cut 20 per cent to around 55 per cent.

Although discounting may have reduced the "real" element in the price cut, which came into effect on February 1, stockists' claims on stock relief may also be hit.

Last year's price increase has turned out to be one of BSC's most serious management miscalculations since Mr Ian MacGregor became chairman in 1980.

Last year's decision to raise tube prices was made in expectation of increases in European prices for coil used in tube-making. That never happened and importers moved in with cheaper metal.

Gas list (welded tube) imports rose 30 per cent last year, while imports of hollow sections rose 80 per cent.

It took the corporation nearly nine months to realise it was being soundly beaten in the welded tubes market, which last year amounted to some 650,000 tonnes for diameters up to 18 inches in the UK.

This is partly because between 80 and 70 per cent of BSC tubes, like most of its products, are marketed through stockists, which tends to distort market information. However, BSC is Britain's biggest stockholder.

The National Association of Steel Stockholders (NASS) said the price cut had opened up "a can of worms." BSC Tubes Division executives had tried to justify the move, largely in terms of trying to bring some order to the markets, but many stockists apparently remain unconvinced.

Continued on Page 14  
UK price dispute, Page 6

# Milton Keynes pulled out all the stops.

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## EUROPEAN NEWS

## EEC jobs outlook most pessimistic for 10 years

BY LARRY KLINGER IN BRUSSELS

EEC INDUSTRIES' employment outlook has suffered its sharpest deterioration in 10 years, surpassing substantially the dip in confidence during the 1974-75 recession.

According to the European Commission's business survey for the final quarter of 1982, published yesterday, the number of EEC industrialists surveyed who expected employment to fall in the coming months went up by 39 per cent compared with the previous quarter.

This was 8 percentage points greater than the 31 per cent increase recorded in 1974-75.

The survey also indicates a further deterioration in demand for industrial products in all the EEC member-states with the exception of Ireland and the Netherlands. While assessments of exports or order-books improved somewhat in December, overall order book recordings were as pessimistic as in November and the industrial production outlook again deteriorated.

Overall, 64 per cent of the respondents cited insufficient demand as limiting production in the fourth quarter (up from 59 per cent

in the third quarter), ranging from 84 and 82 per cent in Britain and Belgium respectively to 42 per cent in Ireland and the Netherlands (against 50 and 45 per cent respectively in the previous quarter).

On the positive side, broader-based economic sentiment including such factors as higher share prices remained "basically stable" after slumping further during the summer.

The Commission particularly notes that December stock levels were less high. "This suggests that the stock cycle may turn up again now, after the important destocking movement that was primarily responsible for the fall in gross domestic product in the third quarter of 1982."

The Commission also says that the construction industry, while on average more pessimistic, reported a recent improvement in order-books in several countries.

"This," the Commission says, "suggests that lower interest rates are beginning to stimulate demand in that sector."

## Irish budget draws wide criticism

By Brendan Keenan in Dublin

THE IRISH Government has come under heavy attack from industry, trade unions and economists for the tax increases in the budget it tabled last week.

Mr Howard Kilroy, the chief operations director of the Smurfit Group, one of Ireland's leading companies, said the budget contained no programme for restoring growth and incentives to the economy.

Economists in the Independent Economic and Social Research Institute argue that the budget was excessively deflationary and took too pessimistic a view of both revenue and debt servicing costs.

Mr Alao Dukes, the Finance Minister, said in reply that he hoped to make fundamental changes to public spending next year but he claimed there had been no time for such an exercise before last week's budget.

At the heart of the complaint is the sharp rise in income tax. Single people earning more than £12,000 (£10,624) a year now face a marginal tax rate of 73.5 per cent. Married couples are more favourably treated in Irish tax law but even they face an average cut in real living standards of 10 per cent this year.

Mr Dukes accepted, in an interview with the Irish Times, that the budget made the country one of the most heavily taxed in the world but said that the Irish, in relation to gross national product, were among the heaviest spenders.

The international banking climate, he said, meant Ireland would not be able to borrow more than the £1.7bn (£1.6bn) outlined in the budget, of which £800m (£708m) is likely to be foreign borrowing.

He added that the coalition Government had been in power only eight weeks before the budget and there had not been time to do a proper job on the structure of public spending.

He considered impractical the idea of an expenditure tax, to replace graduated income tax.

The Irish Government has denied reports that it is to postpone a referendum on a controversial proposal to insert a ban on abortion in the constitution.

A government statement said the wording of the amendment was being examined by the Attorney General because of fears that it could lead to legal difficulties. Charles Haughey, the opposition leader, accused Prime Minister Garret FitzGerald of backing away from a pre-election pledge to hold the referendum by the end of March.

The issue poses acute difficulties for Dr FitzGerald. The amendment has been criticised by the main Protestant churches and appears to run counter to his campaign to reform the constitution.

## Top changes at Polish bank

By Peter Montagnon, Euromarkets Correspondent

INTERNATIONAL bankers were yesterday scrutinising changes in the top management of Bank Handlowy, Poland's foreign trade bank, which has played a key role in debt renegotiation with the West over the past two years.

The management shake-up at the bank, which had been expected for some time, involves its president, Mr Stanislaw Kobak, who has resigned. He had been in charge of the institution for eight months and is to be replaced by Mr Kazimierz Glazekski, who has previously worked with the Vienna-based Creditanstalt that concentrates on East-West trade.

A further expected change is the departure of Bank Handlowy's vice-president, Mr Jan Woloszyn. Mr Woloszyn, aged 70, has been personally very active in Poland's international debt negotiations and has intended to retire for some time. It is not yet known who will replace him.

There is no doubt that Mr Kyprianou owes his victory to the support of the powerful Communist Party Akef.

## Germans to discuss nuclear free zone

BY LESLIE COLT IN EAST BERLIN

THE CREATION of a zone free of tactical nuclear weapons in Europe will be discussed at two days of high-level East-West German talks in East Berlin, beginning today.

Herr Uwe Ronneburger, head of the West German Bundestag committee on inter-German relations, will hold talks with East Germany's central committee specialist on West Germany, Herr Kurt Häber, as well as with the politburo member responsible for the economy, Herr Günther Mittag. It will be the first time a chairman of this committee has officially visited East Germany, which otherwise insists the two German states have no internal relations.

A key to East Berlin's change of mind may be that Herr Ronneburger is a member of the liberal Free Democrat Party (FDP), the junior partner of the ruling Christian Democrats. The FDP must gain 5 per cent of the votes in the March 6 West German elections in order to survive. The FDP chairman, and West German Foreign Minister, Herr Hans-Dietrich Genscher, is trying to show that his party alone can assure that the conservatives do not abandon Ostpolitik.

East Germany's permanent representative in Bonn, Herr Ewald Moldt, recently had talks with Herr Genscher, and an FDP leader, Herr Wolfgang Mischnick. They discussed a recent letter from East

Germany's President, Herr Erich Honecker, to Herr Helmut Kohl, the West German Chancellor, in which Herr Honecker said, East Germany, in response to a Swedish initiative, would declare its entire territory a zone free of tactical nuclear weapons. He called on West Germany to do the same.

Herr Mischnick noted afterwards that all of Europe would have to be included in such a zone and that medium-range missiles would also have to be eliminated.

Economic ties between East and West Germany will play an important part in Herr Ronneburger's talks in East Berlin. East Germany wants further joint projects to improve its infrastructure and which bring East Germany badly needed D-Marks. Herr Ronneburger, however, will argue that East Germany must reduce the amount of currency West Germans have to exchange to enter East Germany. Since the amount was tripled in August 1982, the number of Westerners entering East Germany has fallen 40 per cent.

The FDP has urged that environmental talks should take place between East and West Germany and Czechoslovakia to reduce the heavy sulphur dioxide pollution which has caused wide spread destruction of forests in the three countries by "acid rain."

## Greek Cypriots renew Kyprianou's mandate

BY ANDREAS HADJIPAPAS IN NICOSIA

BY GIVING President Spyros Kyprianou a clear mandate to rule for another five years the Greek Cypriots opted for continuing stability, security and middle-of-the-road policies and demonstrated their dislike for a change into something that could be risky.

Mr Kyprianou campaigned on the platform that during the five and a half years of his administration the Government-controlled part of the island has been enjoying prosperity, economic stability, impressive tourist growth, social welfare and democratic freedom.

"Would you like continuation of this stability and progress, or would you go for something uncertain that could prove dangerous?" he repeatedly asked the electorate. He also pledged to work for removal of the

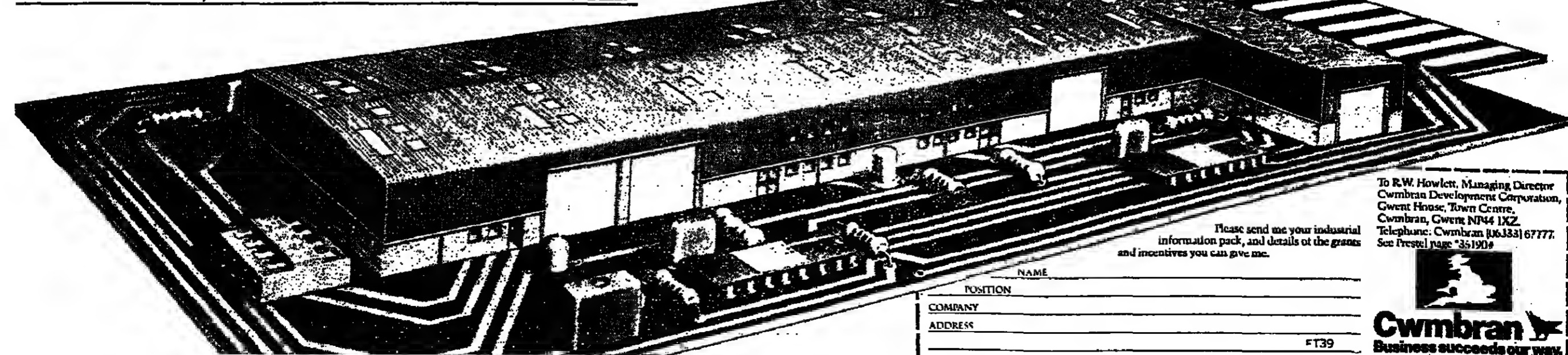
Turkish mainland troops occupying 37 per cent of Cyprus territory since 1974 and for the return of the Greek-Cypriot refugees to their homes in the north. But he stressed all the time he would not seek a new "adventure" which the country could not afford.

His two main rivals, right-wing politician Mr Glafkos Clerides and the socialist leader Dr Vassos Lyssarides, campaigned on the need for change. They advocated not only different socio-economic policies but also another approach towards the Turkish military presence on the island.

There is no doubt that Mr Kyprianou owes his victory to the support of the powerful Communist Party Akef.

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The municipal polls reflect growing political polarisation, writes David Housago  
National arena for French local struggles

Mitterrand... keeping out of the campaign

WITH THE bursts of bright winter sunshine over the past few days, a flurry of posters has gone up over Paris signalling the critical last three weeks of the campaign for the French municipal elections on March 6. The real sign has emerged as yet of the seriousness of the losses that President Francois Mitterrand's coalition Government of Socialists and Communists is likely to suffer.

It is by no means impossible that the Left could lose control of all 61 of the urban areas with populations exceeding 30,000 where it swept to power in the last municipal elections of 1977.

This would be a damaging blow to the Government. But such a calculation leaves out of account the importance of local issues and the real success chalked up by several new Socialist mayors in administering their fiefs. For instance, M Pierre Maille (35), the Mayor of Brest whose town was picked by the conservative weekly L'Express as financially the best administered in France, is vulnerable to even a marginal swing to the right.

The calculation also takes no account of the fact that, though there is nationwide disappointment with Mitterrand's administration, this has not been reflected in any corresponding increase in strength by the Centre or Right because there is not much enthusiasm for the alternative national leadership offered by M Jacques Chirac, the Mayor of Paris, by former President Giscard d'Estaing or by ex-Prime Minister Raymond Barre.

Unlike previous municipal contests, in which there has been a multi-party fight, this election has emerged increasingly as a straight battle between Left and Right reflecting the increasing political polarisation of France since the

loss of 30 to 40 seats would constitute a "serious warning" for the Left.

But, in spite of this advantage, the centre-right got off to a bad start by launching their campaign too early and by misdirecting their attack. M Chirac has almost certainly done himself no good by announcing an unrealistic long-term programme of denationalisation and of cutting the budget deficit while, at the same time, reducing taxes—measures which sound for Frenchmen too close to President Ronald Reagan's policies in the U.S.

M Giscard d'Estaing has also struck an alarmist note in his prophesies of the consequences of Socialist rule which has sounded as much like "sour grapes" as dispassionate analysis. Undoubtedly, M Raymond Barre has been the most impressive of the opposition leaders in his lucid analysis of the lack of coherence of the Government's policies and the implications for the economy.

For both M Chirac and M Giscard d'Estaing, the aim of the municipal elections is to prove the return of a centre-right wing majority in the country that would force on the Government a change of policy. They also hope to bring forward the date of the legislative elections scheduled for 1986.

The Government's interest has been to play down the national issues at stake—while responding sufficiently to the challenge to mobilise its own lukewarm supporters—and emphasise the importance of local issues. President Mitterrand, who is keeping out of the campaign, has made clear that he will not be budged from his long-term goals after the elections. He evidently intends to keep M Pierre Mauroy, the Prime Minister, until the end of the year and has ruled out

advancing the date of the legislative elections. One of the most pessimistic views of the Left's chances in the two-round March poll (the second is on March 13), comes, paradoxically, from M Mauroy.

He was quoted as saying that there would be nothing to worry about "if the Left returned to its normal low watermark, in other words the score it obtained in the first round of the 1981 presidential election." The catch there is that the Left obtained about 47 per cent of the vote then compared to the 53 per cent it won in the first popular election towards the Socialists in 1977.

A return to the "normal low watermark"—easily conceivable at the moment—could wipe out the Left's control of the 61 municipalities it won in 1977.

The campaign is being fought against the background of an expected further devaluation of the franc after the elections and of the announcement of new austerity measures to help bring down inflation and reduce the external trade deficit. The Socialists' case electorally has not been helped by the squabble that has broken out within the party over what shape these measures should take.

Outspoken demands by M Michel Rocard, the Minister of the Plan, for cuts in consumer purchasing power—earning him the stigma of "massochist" from his opponents—have been countered by arguments for more interventionist (and more protectionist) policies from the radicals. The disunity of the party has soured its image. But, equally, it has been difficult for the Right to capitalise on the unpopularity of further austerity measures because it shares the view that France has been living beyond its means.

The Government has been helped, however, by the easing of the pressure on the franc. Almost as important for the administration as the municipal elections will be the outcome of the West German general election, also on March 6. An outright victory for Chancellor Helmut Kohl, while welcome as providing a strong government in Bonn and removing French worries about the deployment of intermediate-range nuclear missiles, would certainly add greatly to the pressure on the franc.

None the less, the municipal polls remain an important political event in France as probably the last electoral test in three years and because control of the municipalities provides the power-base of all parties. This is particularly true for the Communists who want to recoup their shrinking electoral strength and who traditionally have looked to their control of municipal government to help finance the party.

Under President Mitterrand's decentralisation measures, both the financial resources and the power of the municipal councils have been greatly strengthened. Some 34 Socialist and Communist ministers have been constitutionally "promoted" from seats in Parliament as standing as candidates for mayors or their deputies, thus providing an important test of their popular standing. Among them is M Jacques Delors, the Minister of Finance.

Apart from the marginal seats, some of the most interesting tussles are in such towns as Dieppe, Evreux and Rheims, where Communists and Socialists failed to agree on a joint list and will fight it out in the first round. Continuing co-operation between the two parties at national, union and local level will remain a significant issue after the elections.

## W. German shipbuilders seek to merge activities in Bremen

BY STEWART FLEMING IN FRANKFURT

TWO OF West Germany's main shipbuilding companies, Bremer Vulkan and AG Weser, have said they need to merge their shipbuilding activities in Bremen and cut construction capacity by around a third with the loss of 1,000 jobs in order to try to ensure their survival.

The announcement was followed quickly yesterday by a statement from Herr Hans Koschmick, the minister president of the state government, that financial support of some DM 150m (£60m) would be required to push through the merger. The state of Bremen could not provide the funds, and would turn to the Government for the "lion's share" of money.

The Dutch engineering con-

cern Thyssen Bornemisza, which has 23.01 per cent holding in Bremer Vulkan, is not prepared to put new funds into the company to facilitate the shipyard merger.

At the end of last year both Thyssen and Bremen, which also holds 23.01 per cent of the equity, pumped new funds into the group. But it has become clear that a major restructuring of shipbuilding capacity in the Bremen area, and therefore new funds, are now needed.

According to the Bremen government, the merger would cut capacity of the shipyards by around 30 per cent and about 1,000 jobs would be lost in the 8,000 strong workforce.

Bremer Vulkan faces the

threat that a Greek shipping concern may no longer be able to take delivery of two 75,000-ton general cargo ships which the yard is building. This alone is threatening a serious deterioration in the company's finances.

Threat to the two shipyards poses a political problem for the parties in the run up to the West German general election. Unemployment is high in the region but the Bour Government is trying to avoid creating the impression of being ready to hand out funds freely to all depressed industries. The Free Democratic Party in the coalition which finds its strongest support among medium and small businessmen, has stood out against such handouts.

## Danes taking oil search stake

BY HILARY BARNES IN COPENHAGEN

DENMARK is to take a minimum 20 per cent share in new licences for exploration for hydrocarbons in the Danish sector of the North Sea, according to a policy statement by the Energy Minister Mr Knud Enggaard.

The coming licensing round, which will open as soon as the Folketing (parliament) has approved government conditions, will be the first in which international oil companies are free to bid for concessions.

Until last year the Danish company, A.P. Moeller, held an exclusive 35-year contract, signed in 1982, to all the Danish onshore and offshore areas, but it was forced under strong pressure from the Social Democratic Government to relinquish almost the entire area.

About 50 foreign companies have

expressed a provisional interest in exploring the Danish sector, although large finds comparable with the big fields in the British and Norwegian sectors are not expected.

The main points in the conditions which the Government is laying down include: All the areas so far relinquished by Moeller will be on offer; the oil companies themselves will be asked to pick out the blocks in which they are interested; no number has been fixed for the number of licences which will be granted.

Exploration licences will be for six years and extraction concessions for 30 years; consortiums applying for licences will be favoured if they include Danish participants.

The state will take a minimum 20 per cent share, with a "carried interest" option allowing it to in-

crease its share in interesting finds when the exploration stage is completed; the state participant will not contribute to exploration costs.

A royalty will be paid on production, the royalty varying with the size of the field.

The state participant may be a new company yet to be established, although this is not clear. There is already a state oil company, Dansk Olie og Naturgas. The opposition Social Democrats believe this company should look after the state's interests, but the Government apparently wishes to hand licences to a new company.

Moeller, which exercises its rights in the Danish Underground Consortium together with Shell, Texaco and Standard Oil of California, has made several small oil and gas finds.

## N-power proposed for Portugal

By Diana Smith in Lisbon

PORTUGAL MUST opt for a nuclear energy programme by mid-1984, according to the national energy plan presented at the weekend by Mr Ricardo Bayao Faria, the Industry and Energy Minister.

If the decision is not taken then to build four 1,000 MW nuclear reactors, he said, an augmented coal plan, heavily dependent on imports, will be necessary.

The country's coal reserves are small and of poor quality, but it has 8,000 tonnes of unexploited uranium reserves. About 120 tonnes of uranium are mined each year and exported to France, West Germany and Iraq. These reserves make the nuclear option valid as a means of reducing energy imports in the long run, it is argued.

The proposal has led to protests from the ecologically-minded Mوحش partners in the caretaker Government of Mr Francisco Pinto Balsemão, which first promised the energy programme in early 1981.

The plan calls for another large coal-fired power station to be built in the north, matching the station now under construction in Sines which will consume 3m tonnes of coal a year.

Portugal's annual imports of coal cost eventually rise to about 10m tonnes a year, most of its coal, and 25 per cent of electricity is underlined in the present drought. Hydro-electric reserves have been dropped to perilously low level, and France and Spain have helped by stepping up their electricity exports.

The national energy plan diversifies dependence away from oil derivatives.

## Killings hit Basque peace bid

By David White in Madrid

PROSPECTS for a peace settlement in the Spanish Basque Country being negotiated among local political parties have receded further as a fresh campaign of terrorist killings has brought its list of victims to four in the last two weeks, including four civilians.

Mr Carlos Garaikotxea, President of the Basque Government, has set a new date of March 1 to try to launch peace talks.

But after the latest attack last weekend, in which a woman car passenger was shot dead, local Socialist leader Sr Txiki Benegas asked Sr Garaikotxea's Basque Nationalist Party to stop calling on the Socialists to take part in tripartite negotiations.

Talks to discuss the Basque leader's five-point peace plan with the Herri Batasuna (Popular Unity) party, regarded as the political front of the hardline Eta-militar, were originally scheduled to start on January 28.

Held up at first because Herri Batasuna insisted on having journalists present, the session was scuttled a few days later with this year's first Eta killing.

Herri Batasuna has firmly rejected a demand from the local Socialists that it negotiate a prior truce, halting Eta violence. Eta-militar is pressing for direct negotiations either with the Government or with the country's ruling socialist party.

A further split has meanwhile emerged in the more moderate faction of the extremists organisation, Eta politico-militar, with the expulsion of 12 members who spoke out in favour of joining the hardliners.

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## OVERSEAS NEWS

## Thirty die in Assam day of violence

By K. K. Sharma in New Delhi

VIOLENCE and arson in the north-east Indian state of Assam escalated yesterday, when the first round of polling for elections to its legislature and for 12 Members of Parliament was held. At least 30 people were killed, the highest number since the state was plunged into turmoil a fortnight ago.

The death toll in demonstrations against the elections has grown to more than 120. Polling is to be held again on Thursday and Sunday and fears are that the violence will continue for at least another week.

Mobs prevented people from voting and blocked officials trying to reach polling booths for supervision work. In addition, there were reports of more sectarian killings of Hindus and Muslims.

The demonstrators want the disenfranchisement and eviction from Assam of illegal immigrants, mostly Muslims from neighbouring Bangladesh.

The first round of polling took place in what are considered the more peaceful parts of Assam. It is feared that the violence will intensify when efforts are made to hold the elections in other parts of the state.

Officials in New Delhi claimed that about 40 per cent of the electorate voted yesterday, but independent reports from Assam said that polling was much thinner. In many booths, it could not take place because of the absence of supervisory staff.

The Chief Election Commissioner, Mr R. K. Trevedi, yesterday rejected the demonstrators' demands for cancellation of the elections. He said that he had not received reports from his representatives in Assam that anything untoward was taking place. This statement astonished observers.

Student leaders heading the protests have said that they will do everything possible to prevent the elections and, if this is not possible, they will block the functioning of the government which takes power. This is certain to lead to more violence.

Yesterday's polling was held under the eye of at least 70,000 police and paramilitary forces introduced from outside the state. Troops are on the ready but, apart from manning oil installations, have not been used to maintain law and order.

## Gandhi drops minister

By Our New Delhi Correspondent

MRS INDIRA GANDHI, the Indian Premier, last night dropped Mr A. B. Sharma, Minister for Tourism, and a junior minister from her Cabinet, to complete changes following the defeat of her Congress (I) Party in two key states in South India last month.

At the same time, Mrs Gandhi shuffled the portfolios of several ministers in what was thought to be a shake-up before Parliament begins its budget session on Friday. The impact of the Cabinet changes in the past few weeks is minimal and observers think the mixture is much the same as before.

Mrs Gandhi's choice of ministers is limited by the membership of the Congress (I) Parliamentary Party, much of which was chosen by her late younger son, Sanjay.

## Liberals wage war in W. Australia

By Michael Thompson-Noel in Perth

THE SPECTRE of Australia as a Labor-run "centralist, socialist republic" was raised last night by Mr Ray O'Connor, the Premier of Western Australia, who is waging a fierce campaign to retain Liberal Party power in Saturday's state election.

The target of his attack was Mr Bob Hawke, new leader of the Australian Labor Party (ALP), who was campaigning in Bunbury yesterday.

Saturday's state poll in Western Australia will be a dress-rehearsal for the Australian general election on March 5—hence some tough talking by both sides.

"Mr Hawke has publicly declared that the states should be abolished," said Mr O'Connor, capitalising on Western Australia's distrust of Canberra and their firm belief in state rights.

Mr O'Connor also said Mr Hawke had renewed Labor's commitment to a resources rent tax, which he claimed would cost Western Australia "about \$50m (\$50m) a year and eventually would cost us control of our resources."

Western Australia's newest resource projects include the \$1.1bn North-West Shelf natural gas development, the \$350m Ashton diamond project, and the \$300m Yellirrie uranium project.

The State is also a significant producer of iron ore, alumina, nickel and gold. Previously, Mr O'Connor has tried to keep federal politics out of the state election. He even told Mr Malcolm Fraser, the Prime Minister — a member of the same party — to "keep out" of Western Australia during the state campaign.

But, recently, Mr O'Connor has seized upon Labor's resource rent policy to spread alarm and despondency, claiming that the proposed new tax would threaten towns in the state's eastern gold fields and in the Pilbara iron mining region.

"The ALP is currently trying to play down the significance of the new tax," said Mr O'Connor, "and the State ALP is maintaining a deathly silence about the threat to this State from their Canberra overlords."

Mr Fraser officially launches the Liberal general election campaign in Melbourne tonight.

## Austerity ahead for Sri Lanka

By Mervyn de Silva in Colombo

SRI LANKA'S Finance Minister, Mr Ronnie de Mel, whose future has been the subject of intense speculation, will present next month what is likely to be the toughest austerity budget in the island's history.

A devaluation of the rupee — possibly by up to 20 per cent — on the International Monetary Fund's advice — drastic cuts in public spending, especially housing, modification of the food stamps scheme which helps the poorest third of the population, and new forms of indirect taxation are each strong possibilities.

Mr de Mel has said that Sri Lanka faces complete economic and political breakdown.

## Enter Arens, the super-hawk

By DAVID LENNON IN TEL AVIV

PROFESSOR MOSHE ARENS, Israel's Defence Minister-designate, is a super-hawk with a clean image who refused the post a few years ago because of his opposition to the peace treaty with Egypt.

The entry of the 57-year-old aeronautical engineer to the Cabinet puts him among the front-runners to succeed Mr Menachem Begin, when the Premier retires.

Israel's ambassador in Washington for the past year, Prof Arens is likely to tone down the strident exchanges with the Reagan Administration which were one of the hallmarks of his predecessor at the Defence Ministry, General Ariel Sharon.

But it would be wishful thinking to expect that his appointment will lead to any changes in the substance of Israeli policy on key issues, such as the future of the occupied West Bank or the Palestinian question.

Prof. Arens is a deeply committed member of Mr Begin's Herut Party, which is the largest group in the ruling Likud bloc. He entered active politics a decade ago, and one of his first posts was chairman of the Herut Party executive.

Tough expected to be given a Cabinet post when the Likud came to power in 1977, Prof. Arens settled instead for chairmanship of the influential Knesset Foreign Affairs and Defence Committee.

There, and in other forums, he was able to express his right-wing views. One of these is that the Israeli settlers on the West

Bank are like the early American pioneers moving westwards, and that the Palestinians are like the Red Indians and might expect to suffer the same fate.

There has been some suggestion that his stint as ambassador in Washington has moderated his views. Indeed, he did urge a three-month freeze on settlements on the West Bank last year. But he later explained that this was suggested, as a tactical move to improve the atmosphere.

During the siege of Beirut, he flew back to Jerusalem on his own initiative, to bring home to the Cabinet just how harmful the continued shelling was to Israel's image.

Some U.S. officials believe that this helped to create the mood in Jerusalem which made possible the breakthrough that

ended the siege and brought about the PLO evacuation.

Prof Arens may have been helped in his relations with the U.S. by the fact that he spent his formative years there. His family had moved from Lithuania when he was 13. After serving in the U.S. Army Engineering Corps in 1944 to 1946, he moved to Israel for a few years, before returning to the U.S. to complete his studies.

His work as an aeronautical engineer brought him into contact with defence matters, once back in Israel.

Prof Arens is said to have played a key role in developing Israel's sea-to-air Gabriel missile, produced by Israel Aircraft Industries, of which he was a deputy director-general and head of the engineering department.



Moshe Arens... has a clean image

## Cheysson arrives in Damascus for talks

By Louis Fares in Damascus

M. CLAUDE CHEYSSON, French Foreign Minister, arrived in Damascus yesterday, answering an invitation from Mr Abdulhalim Khaddam, his Syrian counterpart.

French diplomats said the 24-hour state visit has "exclusively a political character" and that "all the major political issues in the Middle East will be discussed."

This is the most important contact between France and Syria since France resumed political relations with Syria last summer following the Israeli invasion of Lebanon.

M. Cheysson is expected to raise the Lebanese issue, but focus mainly on the strained relations between Syria and Iraq, including the issue of the trans-Syria Iraqi oil pipelines, closed by Syria about a year ago.

Paris appears to be keen that Syria re-open the pipeline, to allow Iraq to sell more crude oil through the Syrian Bamas Terminal on the Mediterranean. This would earn Iraq hard currency to repay France for war and development equipment.

Reuter adds: Iran yesterday acknowledged that its forces were making only slow progress in their latest Gulf War offensive but warned of new large-scale military drives on a wide front against Iraq.

Mr Hojatoleslam Hashemi Rafsanjani, Parliamentary speaker, was quoted by Tehran radio as saying the slow pace of the operation launched last week on the southern front reflected Iranian military tactics rather than fierce resistance of the Iraqis.

PLO reaches compromise on Arab peace formula

By JIM MUIR IN ALGIERS

AS THE Palestine National Council began its meeting in Algiers late yesterday, leaders of the Palestine Liberation Organisation were understood to have hammered out a compromise aimed at keeping the Palestinian movement together, in spite of internal differences and conflicting pressures.

Hard-line factions which last month signed a declaration in Libya rejecting both the Arab and U.S. peace plans were reported to have agreed to drop their opposition to the Arab formula agreed at last year's Fez summit, which drew up an eight-point plan for the Middle East.

They have also agreed not to press for outright rejection of President Reagan's peace proposals. Instead, they appear ready to approve a wording whereby both the Reagan plan and UN Security Council Resolution 242 would be described as insufficient to meet the Palestinians' national rights.

The hardliners, whose opposition to Mr Yasser Arafat's deepening dialogue with Jordan has been encouraged by Syria and Libya, also agreed to endorse the idea of a future confederation between Jordan and a Palestinian state as two equal entities, officials said.

But for Mr Arafat, the price that had to be paid for taming the hardliners and maintaining unity was to drop the idea that

Yasser Arafat... deepening dialogue with Jordan

West Bank mayors should be allowed to join King Hussein of Jordan in a joint delegation to peace negotiations.

This would have run contrary to the PLO's claim — accepted by all the Arab states including Jordan — that it alone can represent the Palestinians.

It thus appears increasingly unlikely that the PLO will give approval for King Hussein to join talks, as the U.S. would like. If there were to go ahead, the hard-line groups would raise a clamour with which the PLO as a whole would inevitably be associated, even if it took no more active steps to oppose the move.

King Hussein has in any case been given little visible support from the Saudis and other Arabs for taking the plunge, while U.S. failure to induce the slightest encouraging response from Israel has reduced the temptations and increased the risks of doing so, both for King Hussein and for PLO moderates.

But yesterday's reported compromise means that Mr Arafat is in danger of being left without a dynamic policy, and of falling between several stools.

With the Arab world as weak and divided as it is, any attempt to step up armed action could prompt repression or further disaster.

Meanwhile, Palestinian unity, apparently achieved in the relatively pressure-free climate of Algiers, may look less solid once the wilder men have returned to Damascus and elsewhere.

That is one reason why the PLO mainstream is anxious to project a positive image, supporting the Fez plan and the confederation idea. "To keep a political line alive, the relationship with Jordan must be actively pursued, despite Syrian efforts to cut that line and bring Arafat down," one PLO official said.

Another important lifeline is that with Cairo. This has strengthened in the wake of last year's invasion of Lebanon, in spite of the Arab isolation imposed on Egypt after the Camp David accord.

Syria would like to sever the PLO's Egyptian links, but it appears that the PLO leaders have agreed to continue exploring that relationship. Significantly for both Egypt and the PLO, the largest foreign delegation to arrive at the PNC was a planeload of more than 50 distinguished Egyptians of all political colours, including what was described as "token representation" from the ruling National Democratic Party.

One delegate from the Egyptian political opposition underlined the strong sympathy for the Palestinian cause felt throughout Egyptian society — something which he said the Government could try to contain or exploit, but not confront.

He said that Egyptians felt "deep shame and guilt" because of what happened in Lebanon, seeing it as a direct result of the Camp David agreements.

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## AMERICAN NEWS

## Return of Republican convert

By Our U.S. Editor in Washington

MR PHIL GRAMM, the Texas Democrat-turned-Republican, will be back in Washington this week to claim a seat on the House of Representatives budget committee, from which he was ejected by his former party bosses last month.

Mr Gramm resigned from Congress to run as a Republican in a special election after the Democratic leadership stripped him of his committee seat for siding openly with President Ronald Reagan's economic policies. He was the first Congressman in 70 years to be dismissed from a committee by his own party.

## Buenos Aires denies reshuffle

By Jimmy Burns in Buenos Aires

SR JORGE WEHBE, the Argentine Economy Minister, was yesterday at the centre of a fresh spate of reports suggesting that he had been singled out as part of an imminent Cabinet reshuffle.

The suggestions were promptly denied yesterday by a ministry official in Buenos Aires, who warned of the damage such a move might have on Argentina's image abroad.

Mr Wehbe is currently in the U.S. in talks intended to reassure Argentina's creditors of his country's stability. He is being accompanied by Sr Julio Gonzalez de Solar, governor of the Central Bank, a key figure in the current negotiations to reschedule part of Argentina's \$38bn (\$25.4m) foreign debt.

The economy ministry was one of a number of government departments which moved swiftly yesterday to defuse reports of divisions within the armed forces, against the background of a meeting between President Bignone and the junta.

## Blizzards play havoc with America's centre of power

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IT WOULD have been the ideal moment for a Soviet missile attack. For the past three days, Washington DC, described in yesterday's local paper as "the world's most powerful city," has been totally incapacitated.

President Ronald Reagan was trapped in the White House and could not get away for the weekend, and Mr George Shultz, Secretary of State, could not even hold a press conference.

The Government, schools, public and private transport, shops and restaurants simply closed down. Even the super high-tech telephone system was playing up.

One word summed up the problem and dominated every news report—snow. The third worst blizzard in living memory dumped 17 inches of snow on Washington and between two and three feet in a swathe that stretched from the Carolinas to Connecticut, with more forecast for tonight.

In New York, more than 13,000 people were stranded at the airports. Just south of Washington, travellers were stuck for up to eight hours on the main highways—though most people just stayed at home.

Americans are surprisingly hard in adversity. They don't like paying taxes to provide

public services, but they still expect to be looked after somehow. Most of all, they regard it as a god-given right to own and drive a car. That was just not possible for most East coast citizens at the weekend—some 2,000 cars were abandoned in the middle of the road in central Washington alone.

"Do you expect me to leave a \$12,000 car in a snowdrift?" asked one Washingtonian. Justifying his decision not to go to work. Another phoned in to say that six blocks—maybe half a mile—was just too far to walk.

However, the streets were full of friendly people whose main theme was "You can't

fight Nature," on skis, toboggans, dustbin lids, even cardboard boxes. The taxi drivers who did venture out were morose even by Washington's low standards. But bonhomie generally prevailed, and private enterprise flourished.

It takes more than a snowfall to wipe out the national obsession with making money. The first few hours cost me \$40 (\$26—\$25 for a freelance tow-truck to drag my car out of a drift 500 yards from the White House and \$15 to three local entrepreneurs to dig me out of my house the following morning.

Down the street, I dis-

covered later, they were only asking \$5 to dig out a car.

A cheerful British diplomat said that he had seen worse. There was the Great Storm of 1879, which deposited an official 18.7 inches on the capital's National Airport on the weekend of Washington's birthday, February 22, not to mention the notorious Knickerbocker Storm of January 1922, after which the roof of the old Knickerbocker Theatre caved in under 25 inches.

"What about the dreaded Russian missile strike?" I asked one man. "How do you know they haven't got more snow in Moscow?" he replied.



## Chilean minister stripped of post

BY MARY HELEN SPOONER IN SANTIAGO

SR ROLF LUDERS, Chile's Finance and Economy Minister, has been removed from office in the third reshuffle since the August Pinochet military regime in less than a year.

Sr Luders is replaced by Sr Carlos Caceres, the outgoing central bank president, who assumes the post of Finance Minister, and by Sr Miguel Martin, who becomes Economy Minister.

Sr Martin is a major shareholder in the privately-owned Banco Sudamericano and is said to be a friend of Gen Pinochet. The new central bank president is Sr Herhan Errazuriz, the outgoing government Secretary Minister, who is replaced by Sr Ramon Suarez.

Other changes include that of Sr Carlos Madariaga, the outgoing Justice Minister, who has held the post since 1977 and is considered part of Gen Pinochet's inner circle. He is being replaced by Sr Julio Gonzalez de Solar, governor of the Central Bank, a key figure in the current negotiations to reschedule part of Argentina's \$38bn (\$25.4m) foreign debt.

The division of Sr Luders' former Ministry into separate Finance and Economy Ministries brings the number of cabinet officials to nine, out of a total of 20 posts with ministerial rank. Sr Caceres is the Pinochet regime's sixth Finance Minister, while Sr Martin becomes the tenth Economy Minister.

Sr Luders, a University of

Chicago-trained economist, was Finance and Economy Minister last August, a few months after leaving the vice-presidency of Chile's largest financial conglomerate, the BIC Group.

In the weeks following the government's abrupt decision to liquidate and seize administrative control of eight banks and finance companies and to renegotiate \$2.8bn in foreign debt obligations falling due this year and in 1984, Sr Luders named head of the newly joined has come under increasing criticism.

The attacks have come from both right-wing groups and the regime's Christian Democratic opposition.

In January, Sr Ricardo Claro, a Conservative lawyer and newspaper columnist, attempted to publish an article accusing Sr Luders of wrongdoing during his vice-presidency of BIC and later as Finance and Economy Minister.

The highly polemical column was censored by the newspaper's editors and Sr Claro was briefly detained by officials of the military police detective organisation, Investigaciones.

Last week, a group of 15 business, labour and opposition leaders filed a constitutional suit against Sr Luders, charging him with mismanagement of public funds.

The new cabinet was announced early yesterday, shortly before Gen Pinochet left on a 17-day tour of Chile's southern provinces.

THE MILITARY government which ruled Bolivia until its overthrow last year has left the reins of power in the hands of the generals. The effect that the generals had on the social and financial fabric is being likened to that of a hurricane on a shanty town. The result is chaos.

As the civilian government of President Hernán Siles Zuazo tries to put back the pieces that can be salvaged, he is hoping for a special programme of aid from the United Nations. The UN has responded swiftly to his appeal for help and is putting forward an emergency package which ranges from special allocations from the World Food Programme to the contracting of Bolivian expert consultants whose salaries the Government could never afford to pay but whose services are vitally needed in the process of economic reconstruction.

The military coup staged by General Luis Garcia Meza in July 1980, and the favours which were subsequently extended to the country's wealthiest and most powerful pressure group, the traffickers in narcotics, were the cues for a period of gross economic mismanagement.

Bolivians now have the unenviable distinction of being a lot worse off in many respects than the Haitians, for generations regarded as the poorest people in Latin America. General Morality today is higher in Bolivia than it is in Haiti. Bolivians can expect to live only till 47, compared with 52 in Haiti. Bolivians who work in the mines and on the land cannot expect

to live past 33 and 33 respectively. In the first year of life, 34 babies out of 100 born to the poorest families do not survive and between 40 and 50 per cent of children of preschool age are undernourished. Under military rule while the narcotics gangs flourished, the national income fell 9.6 per cent and has now fallen under the \$500-a-year line.

The consumer price index rose more than 300 per cent last year and worse is to come as the wholesale price index is rocketing twice as fast.

The UN consultants agree that Bolivia has all the natural assets needed to get itself out of such an economic mess. With less than six million inhabitants spread over a country the size of France, and with large reserves of oil and gas, metalliferous ores of all descriptions and great potential for agricultural development, Bolivia could become a very rich country.

## Financial chaos

Helping Bolivia to realise its potential is the task of the UN following the dispatch by Secretary-General Javier Pérez de Cuellar of Miss Margaret Anstee, the British head of the UN Department of Technical Cooperation for Development, to La Paz just before Christmas.

One of the first priorities will be to try to unravel the financial chaos left by the Garcia Meza regime and get started on the process of financial recovery which would allow Bolivia to be up to date



with all its financial obligations by 1986.

Bolivia is in a financial mess for three main reasons: ● It borrowed heavily in the 1970s, particularly under the military regime of General Hugo Banzer but was not able to put the borrowed funds to work efficiently enough to provide the foreign exchange to service the debts. (Last year interest payments due on the foreign debt were not counted.)

● The world prices of minerals which make up 60 per cent of Bolivia's exports slumped during the recession and prices of newer exports such as coffee, sugar and cotton also fell.

● Foreign bankers were unwilling to roll over their short-term loans to Bolivia as the Garcia Meza government

showed itself unwilling or unable to implement any sensible agreement with the International Monetary Fund.

At the year end, the Government was overdue on at least \$255m owed to foreign bankers. This figure represented nearly a third of all Bolivia's export earnings last year. This year Bolivia is theoretically committed to finding \$1,200m to service its foreign debt. This figure is 35 per cent greater than the total revenue it is expected to be raised by exports. That is to say if Bolivia were to pay for no imports at all this year it still would have only three-quarters of the cash owing to foreign bankers.

The latest estimate of Central Bank's gross reserves is \$127m and the net reserves are \$361m in the red. The financial outlook for 1984 could be even worse.

The government last year was able to raise only about 45 per cent of the amount it expended on the current account (Bolivian pesos 25.4bn out of Bolivian pesos 56.2bn). The total deficit on the current and capital account last year came to Bolivian pesos 56.2bn. This year the total deficit on government spending, even at its present modest level, is projected at Bolivian pesos 70.2bn.

This gloomy panorama is modified only by the realisation that, for instance, the completion of one major development project which brought in foreign exchange could help to turn around the economy very

quickly. The pipeline scheduled to take Bolivian natural gas to Brazil should be completed by 1986 at a cost of \$800m and that is scheduled to earn \$600m a year from then on. A recovery in the international price of metals such as is going on now could, if sustained, also help to transform the situation.

As the UN gets its Bolivia Task Force together at the New York headquarters to help Bolivia get its own book in order and argue its case with the international bankers, the operation is being stalked by the traditional bogeyman of politics in La Paz, instability.

## Grim reminder

The two principal parties in President Siles' coalition have fallen out and Vice-President Jaime Paz' Movement of the Revolutionary Left (MIR) has parted company with Siles' Revolutionary Nationalist Movement of the Left (MNR). The independent economist Dr Flavio Machicado has taken over the finance portfolio from Sr Ernesto Arambar, though the young planning minister Sr Arturo Nuñez del Prado stays at the post he was appointed to when the Siles government first came to power last year.

The political disunity demonstrated by the Bolivian government is a grim reminder that the country's leaders can conspire to shoot Bolivia in the foot even when the international community in the form of the UN is making a special effort to assist.

## WORLD TRADE NEWS

## Brussels jubilant on Japan deal

BY JOHN WYLES IN BRUSSELS

EUROPEAN COMMISSION vice-president Viscount Etienne Davignon was jubilant yesterday, at having brought back to Brussels the weekend's trade restraint agreement with Japan. Not only had he and his fellow vice-president, Wilhelm Haferkamp, persuaded the Japanese to "moderate" their exports to the EEC of 10 products, including video tape recorders and television tubes, but in doing so they had also secured the first export restraint undertakings that Tokyo has given to the Community as a whole and not to individual member states.

Until now, successive Japanese governments have preferred a "divide and rule" approach. When complaints about the volume of imports of a particular product reached such a level that they threatened to lead to a protectionist reaction, then Japan has stepped in with an undertaking to exercise restraint.

This has been arranged either on an industry basis—as between Japanese and British car producers—or between governments. Last weekend, however, the Japanese Government led by Mr Yasuhiro Nakasone appeared to recognise that the level of complaint in the EEC now embraced too many products and too many governments to be dealt with on an ad hoc basis.

The lesson was apparently learned and carried back to Tokyo early last month by the Foreign Minister, Mr Shintaro Abe. In his tour of several EEC capitals Mr Abe dangled opportunities for bilateral agreements in front of several ministers. But Japanese trade, he was told, is now a Community problem.

Will EEC governments be happy with the deal? This will not be clear until next Tuesday when foreign ministers will discuss the Tokyo agreement. West Germany is expected to grumble about the Community sinking deeper into the mine of trade planning and incipient protection.

France, at other extreme, will go hunting for fine detail and be horrified to find that there is hardly any. In particular, Japanese undertakings to exercise "moderation" have no statistical content except in the cases of video tape recorders and TV tubes above a certain size. Neither Davignon nor Haferkamp were too precise on the matter yesterday but it seems that any growth in Japanese exports of the "sensitive" products which is well above the growth of the market will be regarded by the EEC as "immoderate". In such cases the Commission would try to convince Tokyo of its view at the quarterly consultation meetings.

According to M Davignon yesterday, the agreement could be analysed in five categories: ● a general commitment to moderate exports this year of light commercial vehicles, for lift trucks, small motor cycles, quartz watches and hi-fi equipment. Until now only forklift trucks have been subject to such Japanese undertakings; ● maintenance of existing undertakings and agreements covering motor cars and numerically controlled machine tools. In addition, Japanese machine tool producers will raise their prices backdated to January 1 and will pay special at-

tention to the French market by showing even more restraint there. Since Japanese sales to France of the two main categories of machine tools fell by 38 per cent and 22 per cent last year, this formula must be regarded as "sweetener" designed to show that French problems are never far from anybody's minds.

But the agreement in this category will allow the continuation of the British motor industry's deal with its Japanese counterpart, the maintenance of Japanese undertakings on car sales to the German, Belgian and Dutch markets and also the variety of quantitative restrictions operated by France and Italy on a range of Japanese products.

● sales of TV tubes to the EEC will be moderated for 3 years and this year shipments of tubes above 52cms will be limited to 900,000; ● moderation this year and next on shipments on TV sets with consultations next year on whether to continue the arrangement;

● video tape recorders. According to Davignon the key to this arrangement is the reserving of part of the market for European producers—largely Philips and Grundig. European companies are guaranteed a 50 per cent share of the market and Japan can sell up to a total of 455m units. This total will include the 600,000 kits assembled in the UK and West Germany. Japanese ex-stock and European ex factory prices are to be aligned both to help persuade Grundig and Philips to withdraw anti-dumping suits they have filed against the Japanese and also, says M Davignon, to provide "a starting point for competition."

## India opens door to TV industry investment

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government yesterday invited proposals for setting up plants for the large scale manufacture of television tubes.

Large-scale production can be done only by a foreign company or by a large Indian company with foreign collaboration. Both have so far been kept out of the television industry which is entirely in the hands of small industrialists, each of whom has an investment of less than Rs10m only.

The Government announced yesterday that proposals involv-

ing import of technology or capital goods would "be considered on merit." This opens foreign investment in the Indian television industry.

The announcement limits the proposals to manufacture of black and white tubes, but it is likely to be widened to include colour tubes as well. The Government justified the decision on the grounds that existing TV manufacturers had not offered to expand their production while the gap between production of television sets and of picture tubes had widened considerably.

## Lambsdorff warns U.S. on trade barriers

Count Otto Lambsdorff, the West German Economics Minister, warned the U.S. yesterday against adopting protectionist trade policies, and said that the U.S. should not be misled by recent disputes had not disposed of potential new clashes with Europe.

In a speech to the German-American Chamber of Commerce in New York, Count Lambsdorff reminded the U.S. of its commitment at the last "Tokyo Round" world trade talks in 1979 not to undermine the European Community's Common Agricultural Policy.

In view of the U.S. \$6.5bn (\$4.5bn) agricultural trade surplus with the Common Market, Washington should reconsider its threat to subsidise agricultural exports, he said.

The U.S. should also think against what he plans to limit speciality steel imports. This could lead to restrictive agreements among European companies that could easily become permanent and result in regulation of the world steel market in the same way textile trade was controlled.

Count Lambsdorff appealed to the U.S. Government to oppose protectionist laws being promoted inside Congress. He particularly referred to the Local Content Bill, which would require imported cars to contain a number of U.S.-made parts.

He also spoke out against recent proposals for the major industrialised countries to adopt a combined policy of expansion to overcome the present economic crisis.

Although a collapse of the world economy into a depression would require, he did not see such a danger at present.

He warned about what he called the illusion that by cheap money policies interest rates could be driven down and result in more investment and economic growth.

In such a case, inflation would accelerate. Interest rates would rise and nothing would be gained in the quest for permanent jobs and a reduction in unemployment, he said.

## Paul Cheeseright examines Comecon's links with Gatt East Europe makes fresh demands

"WATCH their people at a diplomatic cocktail party," advised the trade diplomat. "You'll see the Czechs and the Poles with the Soviets, but the others—the Hungarians and the Romanians—they're like fish in a pool, swimming around trying to pick up interesting tidbits. Then they'll be on the phone the day after."

The advice demonstrates the relative degrees of participation in the affairs of the General Agreement on Tariffs and Trade (Gatt) of the East European allies of the Soviet Union. All four are members, providing that quantum juxtaposition between the centralised economies and the body established to provide the rules for the conduct of essentially capitalist trade.

In fact, the relationship between the members of Comecon and the Gatt has proved static, but change may be on the way. The withdrawal last October by the U.S. of its most favoured nation status for Poland—taking back the undertaking to treat Poland like other trading partners—has prompted Warsaw to bring the Gatt to the fore as a lever to renegotiate its accession to the Gatt.

The Soviet Union has been considering observer status at the Gatt since 1977, but the application to join one of the trading codes agreed during the 1970s Tokyo Round of multilateral trading negotiations still stands.

But the Comecon countries each have a different Gatt history and each joined on a different basis.

Czechoslovakia was one of the original signatories and simply stayed in the Gatt, despite a hiatus in its relations with the U.S. during 1951.

Poland acceded in 1968, Romania in 1972 and Hungary in 1973, although negotiations on the terms of their membership slumped during the recession and amid greater expectations than exist now for an extension of East-West trade.

Poland was unique in that it agreed to a compound increase of 7 per cent each year in its imports from the other signatories of the Gatt. Romania undertook to increase its imports from other Gatt countries at a rate not less than the growth of its total imports as specified in its five-year plans. Hungary offered tariff concessions and tariff bindings—that is, it would not increase its tariff levels.

The immediate problem is that the U.S. has used the fact that Poland, since 1977, has not signed the 7 per cent import growth as a lever to take what is widely seen as a political action against the military regime.

The new twist to a long-running concern for Poland. Since 1978 it has sought recognition that a 7 per cent annual growth in imports cannot be maintained. While it has won

general acceptance for this, there has been no accord about how to suspend the obligation.

The EEC has not been prepared to allow the Poles a legal argument, but has been impressed by the idea that an import commitment be replaced by tariff concessions. Tariffs, it is argued, do not play a significant role in the Polish economy.

But the underlying difficulty for Warsaw has been that it has little to exchange for the concessions it has been seeking other Gatt countries to give up.

Neither Poland, nor its East European trading partners, have sufficient weight to force their view in mass of consultations that form an important part of the day-to-day Gatt business.

The protocols joining Poland, Hungary and Romania to Gatt all contained provisions for other signatories to reduce their trade restrictions on goods from these countries. Mainly, this concerns the EEC. But the bulk of the restrictions remain as firmly in place as they were in the 1970s.

On the other side, the EEC argues that unless the East Europeans are more open, it cannot go further in the abolition of quantitative restrictions. Although the export mix varies from one East European country to the next, all have interests in sensitive areas like textiles and leather goods.

This relationship with the EEC is a big disappointment for

the East European, as observed one diplomat. "They thought if they became Gatt members, then the EEC would use normal Gatt import safeguards procedures. But this has not been the case. They cannot complain in the Gatt because a lot of this trade depends on Western credits."

The missing element in all this, however, is Bulgaria. It has had Gatt observer status for a decade and took part in the Tokyo Round, offering tariff concessions which it thought would be an entrance ticket if it ever wanted full membership.

When the ticket was proffered in 1979, there was little interest and Bulgaria backed away, but it still sought membership of the Gatt code on technical barriers, an arrangement which says broadly that wherever possible a country should use international standards.

The demand is still under demutual discussion. Some reluctance on the Western side to accept the application owes much to the fear that Bulgaria might be a stalking horse for the Soviet Union.

Great fear exists that the Soviet Union might seek to bring more politics and less technical discussion into the Gatt. In the event, the reluctance proved justified when at the end of last year the Soviet Union started taking soundings about becoming a Gatt observer. It is expected to come back for more informal talks next month.

## ECGD backs £8m in loans for Bulgaria

By Our World Trade Staff

THE EXPORT Credits Guarantee Department has guaranteed three general purpose lines of credit for Bulgaria. Loans of £2m by National Westminster Bank and £4m by Lloyds Bank have been made available to the Bulgarian Foreign Trade Bank. Lloyds has also made £2m available to the Mineral Bank of Bulgaria.

The National Westminster loan will help finance the supply of UK capital goods and services, and to qualify under this loan a contract must have a minimum value of £20,000 and be placed by January 1984.

## Italy boosts export of wine to North America

BY OUR ROME CORRESPONDENT

ITALIAN wines continued to be sold in large quantities to Britain rose by 13 per cent. Total exports to the European Economic Community fell by 2.5 per cent in volume, a drop mostly attributable to the decline in the French market which purchased some 10 per cent less, in volume, than in 1981.

Wine exports earned some £1,160bn (£535m) in foreign exchange in 1982, compared with £1,360bn the previous year. Vermouth exports earned £119bn compared with £118.5bn in 1981.

Exporters appear to be selling more better quality wines and carrying out less business abroad than hitherto in table wines.

## State shipping lines study plans to switch ports

BY JAMES SUTTON IN ROME

THE ITALIAN state-owned shipping lines, which account for nearly a third of the Italian merchant fleet, are studying plans to stop using the traditional ports of Genoa, Naples, Venice and Trieste because they claim they have become too expensive.

International lines, including the Italian and Lirio Trieste lines, are in some cases to change ports immediately. Other state-owned lines, mainly engaged in coastal shipping and ferry services, are to work out alternative ports.

There is a threat to the traditional ports where restrictive labour practices and lack of investment cause delays, while

charges are considered excessive by shipping lines.

The worst case is generally considered to be Genoa which has lost traffic in recent years to the nearby ports of La Spezia, Savona and Livorno.

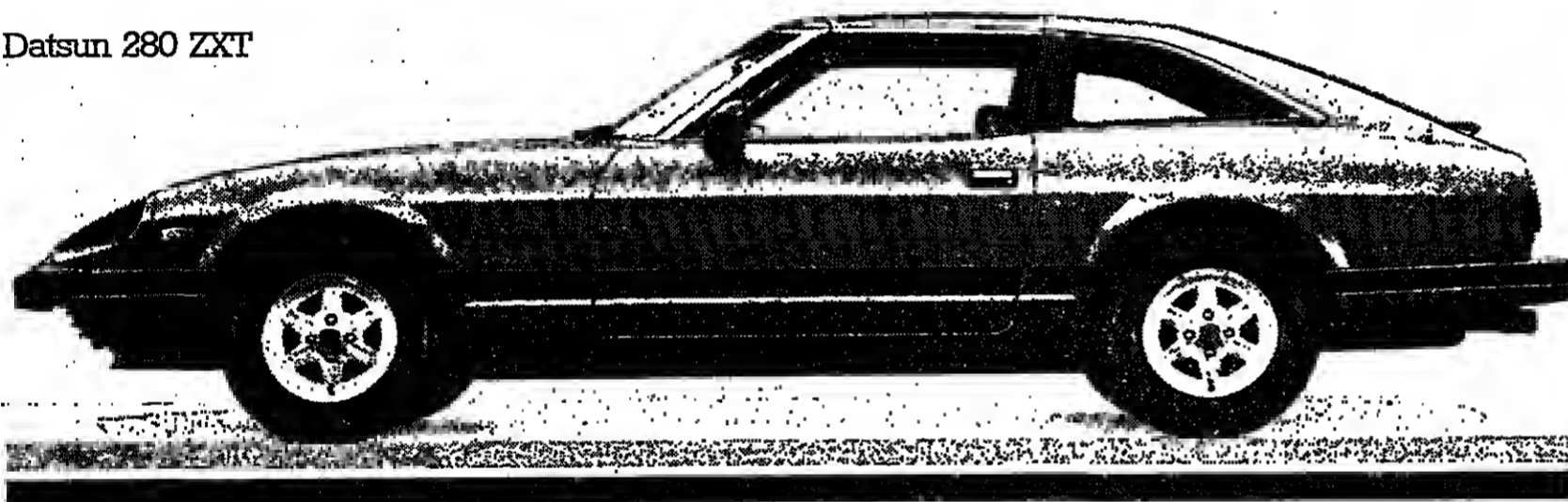
In an attempt to attract back lost traffic, port charges at Genoa have in some cases been lowered.

The state-owned shipping lines, grouped in the holding company Finmare, controlled by the IRI group, want to demonstrate that they are not captive customers.

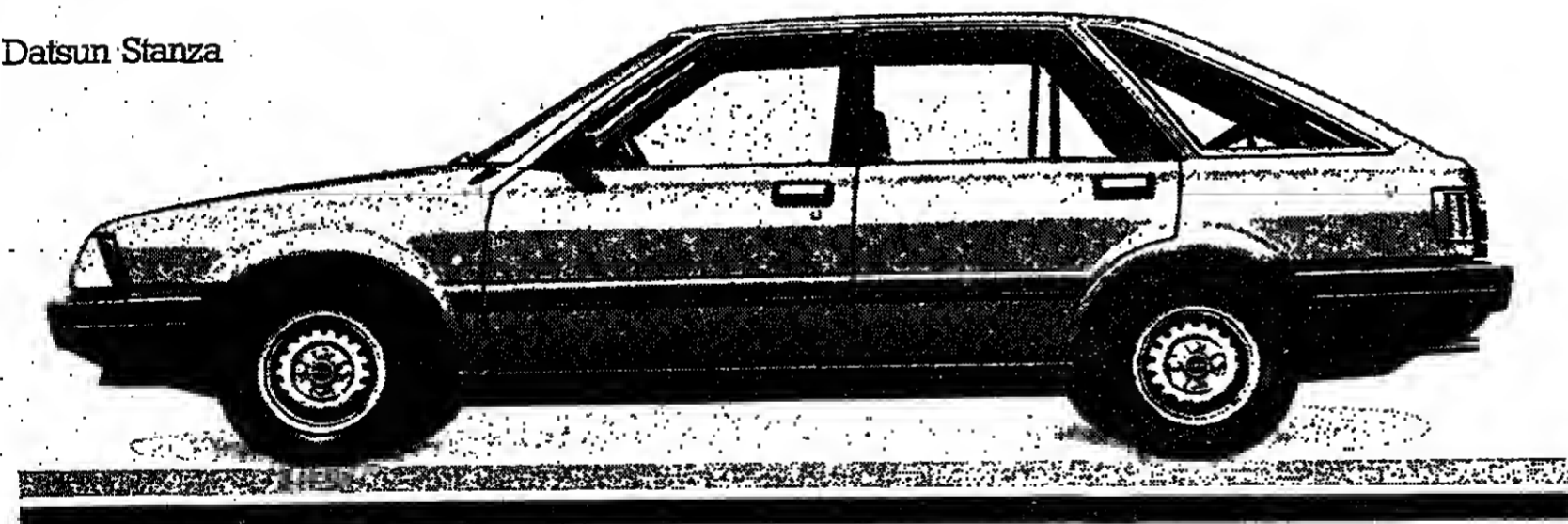
But they say they will go back to the traditional ports if a scheme to improve their operations goes ahead.

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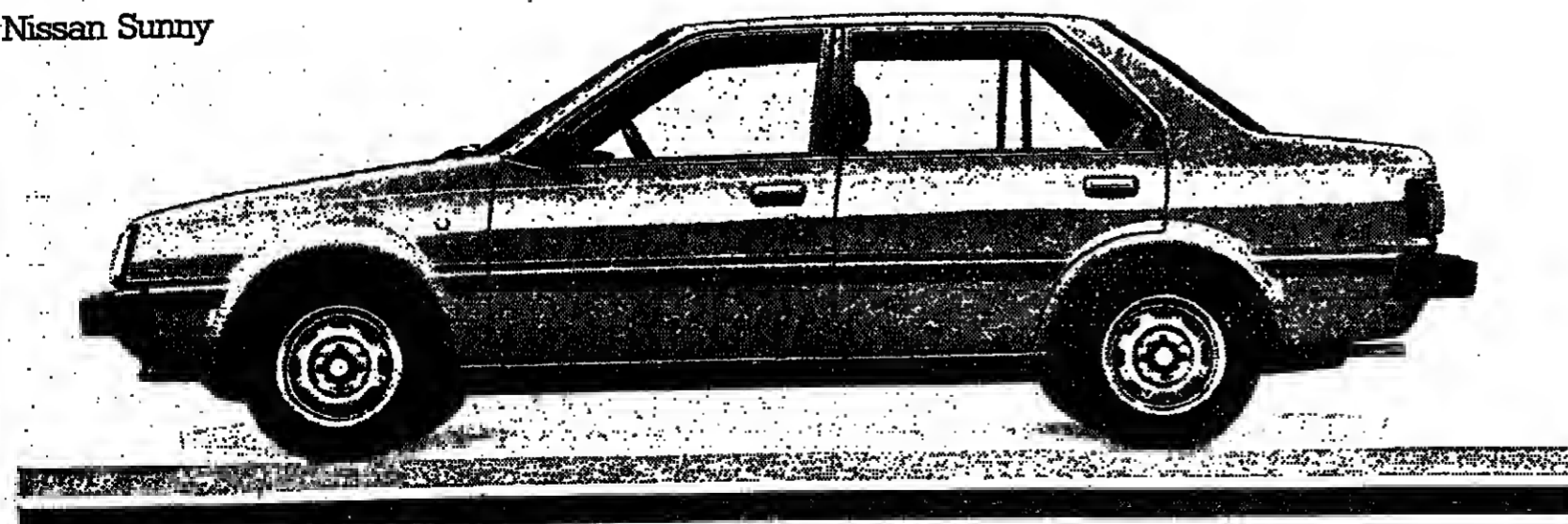
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## UK NEWS

## New proposals for an inquiry to end national water dispute

BY PHILIP BASSETT AND IVOR OWEN

FRESH proposals to establish a committee of inquiry into the national water strike were being considered yesterday by water employers and leaders of the industry's 28,500 manual workers.

Officials of the Advisory, Conciliation and Arbitration Service (Acas) had maintained close contact with both sides over the weekend. But a first set of proposals to establish an inquiry did not find favour with the unions, which are now in the fourth week of their strike over pay.

New proposals were circulated yesterday to try to bridge the gap between the employers' insistence that the findings of the inquiry should be binding and the unions' position. This is that while they are not prepared to accept a binding result, they would not ignore an inquiry's findings.

Forms of words were drafted which would avoid in their conclusions the words "final" or "binding". However, there would be a recognition that the inquiry's findings would not just be recommendations but would lead to a resolution of the dispute.

Although the differences between the two sides are regarded as deep, agreement on the terms of reference for an inquiry is expected to be possible. Separate talks with Acas could take place today with the inquiry starting to take evidence by the end of the week.



Mr Tom King: pledge wanted

Mr Tom King, the Environment Secretary, insisted in the House of Commons yesterday that, before the Government could agree to appoint an inquiry into the strike, both the unions and employers must pledge themselves to accept its conclusions.

The Commons held a three-hour emergency debate yesterday on the dispute. Mr Giles Shaw, Under-Secretary for the Environment, stressed that householders could not dig up highways at will to repair

burst mains and that it was an offence to interfere with the equipment of water undertakings.

This was in response to an opinion of a senior retired judge, Lord Denning, the former Master of the Rolls, that householders were legally entitled to bring in outside contractors to repair burst mains to maintain their water supplies. He considered that householders would be entitled to claim the cost from the water authority.

Mr Shaw said, however, that it was by no means clear that the cost could be recovered even if the work was justified. But he did state that consideration was being given to a refund of part of the water charges where consumers had to rely on standpipes.

For the opposition, Mr Gerald Kaufman said that Mr King's "reckless and high-handed interference" had been a major factor in creating the situation which led to the strike.

In South Wales, the effects of the strike could sharpen after a decision yesterday by craftsmen and power workers to support the dispute. Officials of the electricians' and engineering workers' unions said that their members would cease to pass picket lines to carry out maintenance work.

The six craft unions in the water industry are also being recommended to join the strike at the weekend.

## Private steelmakers attack BSC over 'irresponsible prices'

BY PETER BRUCE

THE GOVERNMENT may soon be drawn into a rapidly developing row between Britain's private sector steel tube-makers and the British Steel Corporation (BSC) over BSC's cut in welded tube prices earlier this month and a rise in the price of strip products scheduled for April 3.

Four of the biggest private sector welded tube manufacturers in the UK, Acrow, Tube Investments, Natural Gas Tubes and Groom and Tattersall, are lobbying MPs in an attempt to force BSC to restructure its prices and are to seek a meeting with Mr Patrick Jenkin, the Industry Secretary.

BSC cut the list prices of welded tubes and hollow sections by an average of 25 per cent on February 1, just over a year after raising the same prices by the same amount. BSC officials believe the price rise, which took place between November 1981 and January 1982, was "a most terrible mistake", which led to dramatic losses in market share.

The private sector producers now believe the state-owned steel producer is trying to win back lost market share at their expense. "BSC is trying to drive us out of business in the medium term, no doubt about that at all," Mr John Lee, managing director of Acrow Tubes, said yesterday.

Mr Christopher Shaw, managing

director of Natural Gas Tubes, said BSC's new prices reflected a "irresponsible attitude" by the corporation towards the market. The private sector generally followed BSC's prices, he said, but the cut in the tube list prices, combined with the strip price increase, was a serious threat to profitability.

"If we match BSC prices penny for penny on the new strip purchase prices, then margins on manufacturing are absolutely negligible. We are getting as close as damage to a loss-making situation," he said.

The private sector producers believe that BSC's Tubes Division, which lost 20 per cent of its market share in the UK last year, will be able to buy strip from the Lackenby plant on Teesside (which supplies most of the welded tubes industry with strip) at well below the rate offered on the open market.

They believe that the Tubes Division, which is losing money in its welded tubes operation, cannot absorb new falls in the selling price without buying in cheaper strip, which accounts for up to 80 per cent of tube manufacturing costs.

A political lobby, consisting of constituency MPs has been forced to put the private sector case to the Government. It is being led, informally, by Mr Eldon Griffiths,

## Bonn is accused over lost UK jobs

By Kevin Brown

ILLEGAL financial inducements by the West German Government may have persuaded the American parent of Linotype Paul, the British printing equipment maker, to transfer some high technology production to Frankfurt, a Conservative MP claimed yesterday.

Mr Charles Irving, the MP for Cheltenham, surprised the House of Commons with a bitter attack on the "inhuman and cavalier" treatment of British workers by Allied Corporation, the British company's U.S. parent.

Labour MPs cheered as Mr Irving demanded an emergency debate on the transfer of electronic typesetting production from Cheltenham to Allied's German subsidiary. Mr Irving said the transfer would deprive Britain of 500 profit-making jobs but his request for a debate was rejected.

Mr Irving said Linotype Paul had been recruiting staff until January, and the company was still working overtime with full order books. "This leaves the gravest suspicion in my constituency that the Allied Corporation of America are by no means whiter than white," he said.

## BNOC holds back decision on cut in North Sea prices

BY RAY DAFTER, ENERGY EDITOR

BRITISH National Oil Corporation (BNOC) is expected to delay cutting the price of North Sea oil by several more days. But it is likely to tell its suppliers and customers that any price adjustment will be backdated to February 1.

The move follows fresh talks between the state-owned corporation and the Government. It was being stressed in Whitehall last night that in view of the sensitivity of world oil pricing it was essential that the UK should arrive at a widely accepted rate for North Sea crude.

In the oil market it is known there is a major divergence of opinion between the big oil groups which use North Sea crude in their refineries and independent producers which sell it on the open market. It is thought that the big companies are pressing for a major cut - of up to \$3.50 a barrel - from the present rate of \$33.50 while some independents argue that a reduction of no more than \$2 is justified.

Companies are also in disagreement over the differentials - small premiums or discounts - applied to the price of some crudes to reflect quality and transportation methods.

BNOC, which is the major trader of North Sea oil, was widely expected to settle on a new price structure yesterday. It may now be the end of the week before it informs other

UK companies of its pricing recommendations.

Up to now the Government has been anxious that the UK should not be seen leading down world oil prices. But in Whitehall it is now felt that this is no longer a sensitive issue, given that leaders of the Organisation of Petroleum Exporting Countries (Opec) have already publicly declared prices are about to fall - by up to \$4 a barrel - and some non-Opec countries have started trimming rates.

Neste, Finland's state-owned oil importing company, said yesterday the Soviet Union had agreed to lower prices although it refused to disclose the amount.

There has been industry speculation that the Soviet Union would reduce its prices of \$31 to \$32 a barrel by about \$2 a barrel.

Neste said only that Soviet representatives had agreed on "a new price level that took account of the current market situation and the prevailing price developments."

In the U.S., Texaco said it was reducing by \$1 a barrel the price it paid for domestically-produced oil. It was the first major company to announce a reduction following a similar price cut late last month.

Texaco said it would be paying \$30 a barrel for high grade West Texas intermediate crude.

## Rolls close to signing \$300m engine deal with Gulfstream

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE is close to signing a contract worth up to \$300m for the use of its new Tay jet engine in the U.S. Gulfstream IV twin-engine executive jet aircraft.

This aircraft is the latest in a line of business jet aircraft developed by Gulfstream American Corporation. Earlier Gulfstream jets have used the Rolls-Royce Spey jet engine, which the Tay is being developed to replace.

The launch order for the Tay, now in negotiation with Gulfstream American, is for about 200 engines. The first engines will be delivered in 1986. The engine will produce about 13,000 lbs of thrust, and will have significant improvements to fuel consumption over the Spey.

Rolls-Royce is also discussing its new engine with other world aircraft manufacturers, including Fok-

ker of Holland, which is planning a new version of its F-28 Fellowship twin-engine jet airliner.

Airlines at present using British Aerospace One-Eleven jet airliners, powered by Spey engines, are also showing interest in the possibility of re-engineering their aircraft with the Tay.

In all, Rolls-Royce envisages a market for up to 1,500 Tay engines to the end of this century, collectively worth well over \$2bn.

Rolls-Royce also reports good progress with the Series 535 version of its RB-211 engine, used in the new Boeing 757 twin-engine jetliner which entered service last week with British Airways, and with Eastern Airlines in the U.S. early in January.

Mr Ralph Robins, commercial director of Rolls-Royce, said yesterday

that the company was hoping eventually to sell as many as 2,000 Series 535 engines up to the end of this century, a market worth more than \$10bn including spares.

Not only was there a continuing market for the 535 to the Boeing 757 jetliner, but also Rolls-Royce was discussing its possible use with McDonnell Douglas of the U.S. in new derivatives of the DC-10 tri-jet airliner.

He said Rolls-Royce was well ahead of its rival, Pratt & Whitney of the U.S., in providing engines for the Boeing 757, although in two years' time Pratt & Whitney would have its own PW-2037 in service.

Nevertheless Rolls-Royce believed it would be able to win at least a third of the eventual total world market for engines in the 535 category.

## Spending boom tails off

By Jeremy Stone

THE RECENT sharp boom in consumer spending appears to have levelled off, according to the provisional retail sales figures for January, released by the Trade Department yesterday. Analysts expressed some surprise and disappointment that the volume index fell nearly 2 per cent short of December's buoyant level.

The volume of sales has apparently returned to about the level reached in November, in both months the index was 110 on a seasonally adjusted basis (1978=100).

This represents a real increase in sales over January 1982 of nearly 3 per cent, and the value of sales is provisionally estimated to be 7 per cent higher than at the beginning of last year.

A sharp increase in retail spending last autumn appears to have



slowed since the end of the January sales, according to retailers throughout the country yesterday.

The Retail Consortium, which represents more than 80 per cent of Britain's retailers, said that sales were back to normal.

However, the Consortium said it was looking to help from the budget - and a further lowering of interest rates - to create a sustained boom in consumer spending later this year.

Mr Bob Lloyd-Jones, the consortium's director general, said UK manufacturers should be ready for such a boom to avoid a flood of imports in consumer products.

## Bid to change the U.S. taste for snacks

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

RANKS Hovis McDougall (RHM), one of Britain's leading food companies, yesterday launched a cheeky bid to sell a major development in snack food technology to the Americans - the acknowledged world leaders in snack foods.

RHM, through its subsidiary Pasta Foods, launched the product - which has taken more than two years to develop - at a reception at the British Embassy in Washington.

"When the embassy officials realised we had a totally new British food product breaking into America for the first time, they were more than happy to co-operate," said Mr Michael Herson, marketing director of Pasta Foods.

RHM is basing its hopes for market success on the fact that although Americans consume more snack foods than the rest of the world combined, most of these snacks are corn chips or potato crisps. European-style snacks, using extruded snack technology to provide a variety of shapes and textures, have not been seriously marketed in the U.S. before.

RHM's development, however, aims at combining extruded snack technology with the raw materials -

such as corn - most often used in U.S. snack products.

The RHM method creates pasta-like dried pellets which, when fried and flavoured, "puff" up to foods two or three times their original size. The advantages of the pellet formula are that it contains very little moisture, has a long shelf life, and therefore travels well and is a good product for export.

In addition, the pellet product is versatile - it can be made almost any size or shape and can be either crispy or crunchy.

RHM says that its snack technology can use a variety of raw materials, such as potatoes, wheat, rice or corn. For its launch into the U.S. market RHM is offering a variety of flavours such as shrimp, barbecue, sour cream and onion, and cheese. "Flavours in the U.S. are very different from the salt and vinegar-type taste preferred in the UK," Mr Herson said.

The company expects to conclude a deal soon with one of the major UK food producers to use the new technology.

Snack food sales in the U.S. last year were worth about \$4.2bn.

## Isle of Man to tighten bank rules

THE ISLE of Man Government is today expected to outline steps it is taking to improve supervision of the island's banking service.

After the collapse of the Savings and Investment Bank (SIB) last summer, the Manx Government asked the Bank of England for technical assistance in improving banking supervision.

Despite adverse publicity associated with the SIB, the biggest independent bank, business has continued to flow in to the island. At the end of last year deposits amounted to £1.3bn, an increase of 12½ per cent over three months.

### 'Retire at 63' talks

PROPOSALS for a system of flexible retirement between the ages of 60 and 65 around a common pension age of 63 for men and women are being considered by UK Government Ministers.

The Department of Health and Social Security will produce a White Paper, probably next month, in response to recommendations from the House of Commons all party social services committee. Interested MPs expect the Government to be sympathetic.

### Mineral stockpile

MR JOHN MACGREGOR, Under-Secretary at the Department of Industry, confirmed yesterday that the Government had decided to establish a "small stockpile of strategic minerals."

It is believed that it is intended to acquire the equivalent of three months' stock of vital raw materials, the supply of which might be threatened by political unrest in southern Africa.

### Loan for airport

THE EUROPEAN Investment Bank has lent about £2m to help pay for improvements to Manchester Airport. The loan, over 12 years, was granted because the bank considered Manchester Airport to be a major asset for regional development.

### BL factory sold

BL, the state-owned vehicle maker, has sold its former Alford and Alder side manufacturing factory at Hemel Hempstead for about £2m to the Milk Marketing Board Fusions Trustees.

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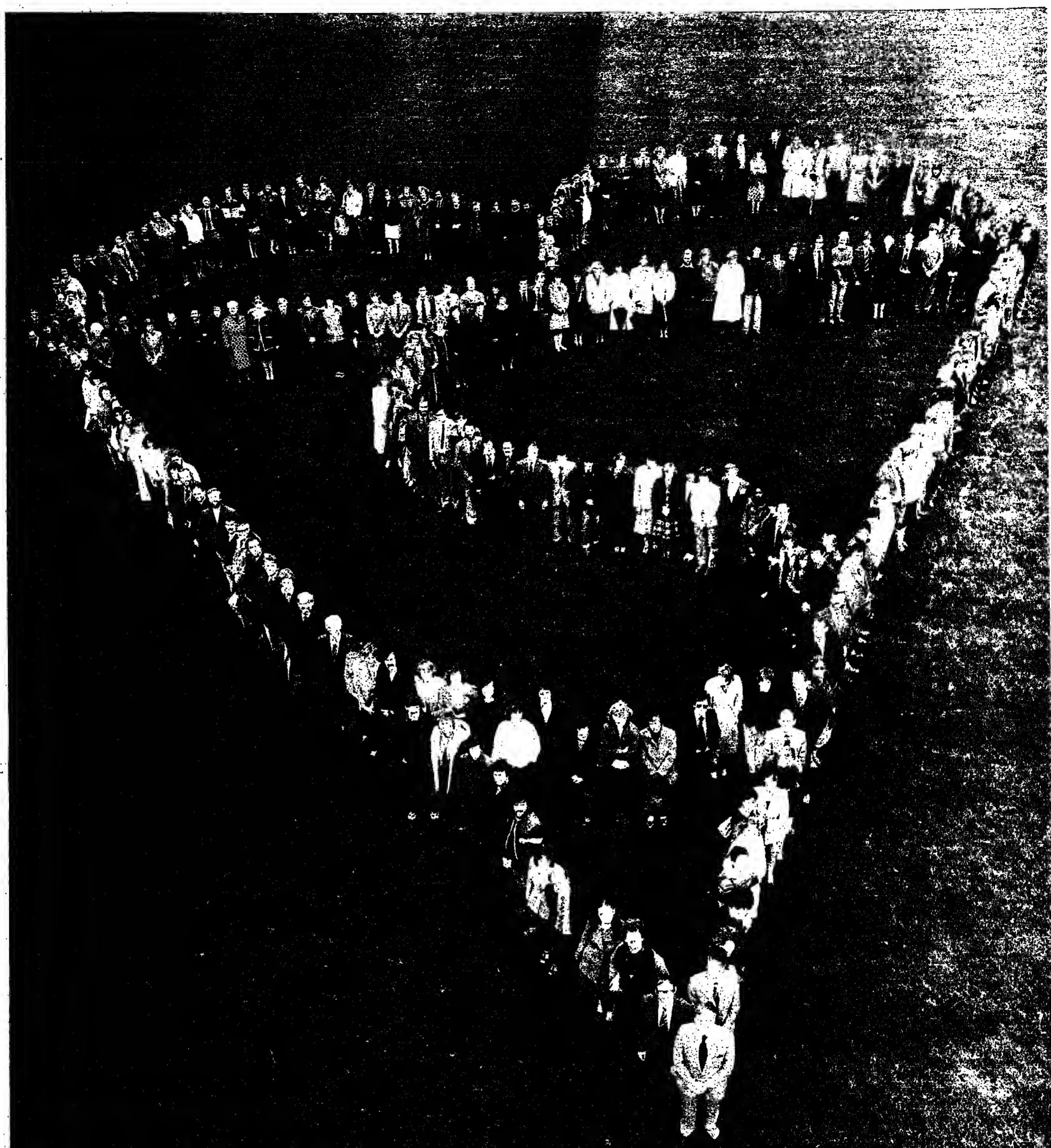
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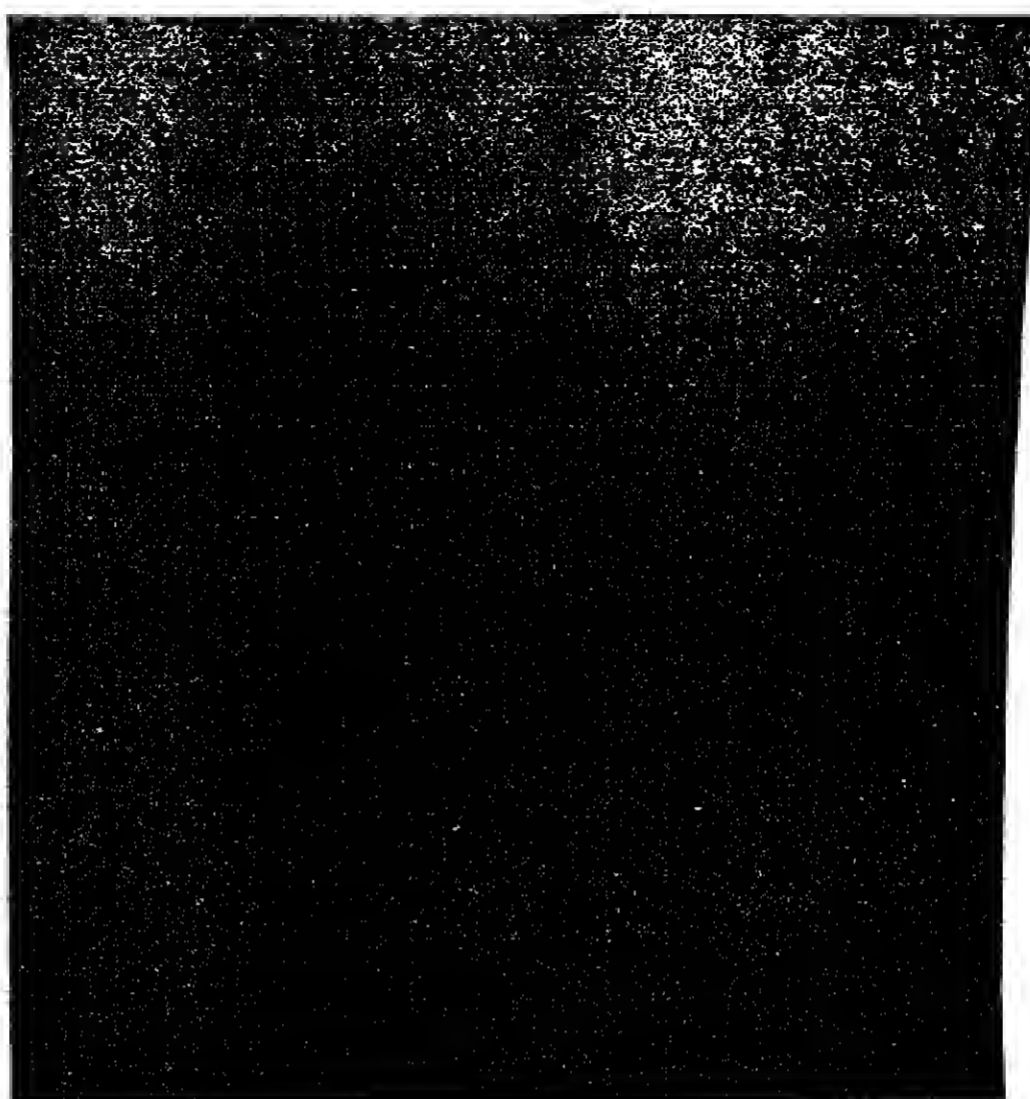
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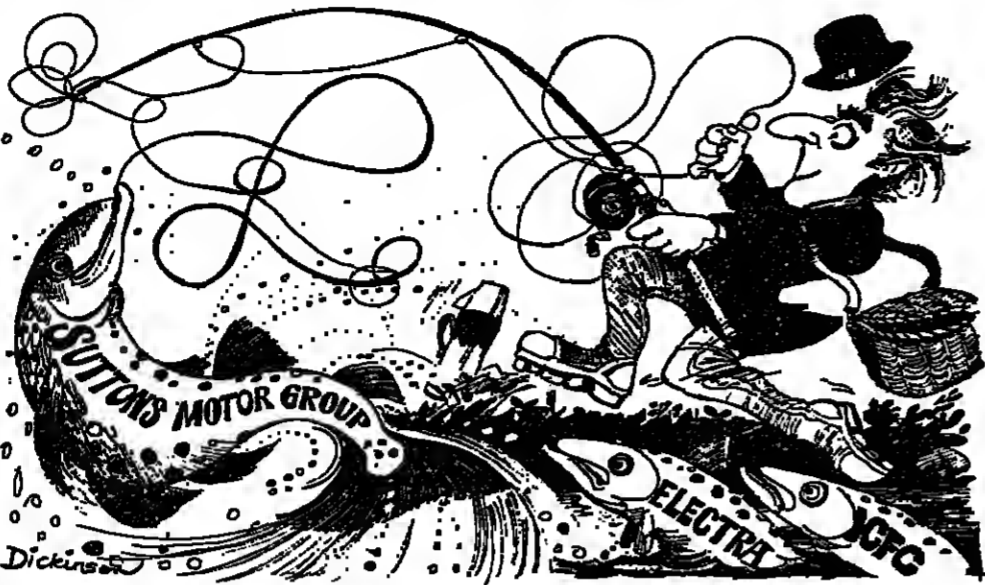
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## THE MANAGEMENT PAGE: Small Business

## The diary of a fisher for funds

Tim Dickson on one man's efforts to finance a marketing venture



BESIDES having to be tough, budding entrepreneurs need to be persistent. That, at any rate, seems to be one of the lessons learned by 44-year-old Richard Morrison last year when he was trying to track down a Manchester business consultant.

At the time Morrison was desperately seeking money to finance his fledgling smoked salmon venture, Skeena Foods (UK). He had previously talked to several financial institutions without any real success. Much to his annoyance, the consultant three times failed to turn up for a London appointment—but Morrison was determined to contact him.

Finally, his persistence led him to a Swiss Cottage hotel where he discovered the consultant in circumstances which anyone else might have found embarrassing. Unabashed, Morrison continued discussions in the bar but was again unable to secure a deal.

However, he continued his search over the next few months and eventually he found a financial partner.

The colourful insights into Morrison's quest for finance provide a contrast with the more mundane events which he chronicled in a diary while he was trying to get his venture off the ground. The diary, together with his correspondence with some major financial institutions, makes fascinating—if at times rather subjective—reading, and allows some general conclusions to be drawn.

Morrison points out, for example, the importance of patience and perseverance. This highlights how dangerous it is to relax before funds being sought are finally and firmly in place, since they can easily slip from one's grasp at the final hurdle.

Morrison was seeking £80,000 from City institutions, but, in retrospect, feels his task would have been easier if he had been asking for twice that amount. This adds some weight to the frequently quoted theory that it is easier to raise large amounts than relatively small sums of money.

His ultimate partner turned out to be a privately-owned Manchester motor group. This spotlights the independent or family company as a potential source of "venture" capital that many new companies forget to tap.

But even if he has established a partnership, it is not proving entirely harmonious. The motor group seems to be unenthusiastic about Morrison's current request for £500,000 of extra trading capital to finance his expansion. It thus looks as though his quest for money is not yet over.

Morrison's business idea—which has now been converted into a trading operation—was to export smoked salmon from Canada to Europe. Roughly 80 per cent of the estimated £73m of smoked salmon sold in the EEC comes from the West Coast of the U.S. and Canada before being smoked in Europe. Morrison's scheme, in contrast, involves buying up lower-grade fish at a much lower price, smoking it in the European style in Canada, packing it in Canada and shipping it for sale at competitive prices in the EEC, South Africa and Australia.

As a former executive with a major frozen-food producer he felt his marketing know-how would be a valuable asset.

Morrison's problems of financing the UK end of his operation are in stark contrast to his experience in Canada. There, he persuaded a Canadian businessman to put up £250,000 to build a smoking plant. At the same time Midland Bank in the UK gave him an overdraft (secured by a charge on his house) to fund initial market research. But working capital was still needed. At the end of 1981 he approached the same Midland Bank manager for a loan under

the then recently introduced Loan Guarantee Scheme.

But his manager turned him down.

With abundant supplies of product, packaging and co-ordinated orders (some to large supermarket chains) lined up, Morrison needed funds quickly. In this he was helped by Hugh Armstrong, a management consultant who advised him informally on his presentation and cash flow forecasts though he pointed out that a full scale consultation would be too expensive. (In retrospect Morrison says he should have been prepared to pay up.) Nevertheless Armstrong suggested a few names and contacts for him to follow up.

One of his first visits was to the Brighton office of the Industrial and Commercial Finance Corporation (ICFC). Morrison recalls that they spoke at length about the Loan Guarantee Scheme but ICFC also thought that because Skeena was not a manufacturing "it would not qualify." The manager said he would investigate further but despite lots of chasing nothing materialised. I felt that I was just another in a long line of people and got very little personal attention. He seemed

very busy," comments Morrison.

Next came Electra Risk Capital, the £8.7m fund set up under the Government's Business Start-up Scheme to help private investors channel their money into new ventures.

Morrison recalls "a very long and very tough interview. They are through my cash flow forecasts and grilling me unmercifully, but I was very impressed by their attention to detail." "I was told that my project would be put up to Electra's investment committee but I had to wait a month to be told that I had been turned down. I admit that I stuffed the interview but no reason was given in their letter."

Next came CIN Industrial Investment, the direct investment branch of the National Coal Board Pension Fund. "They said they were looking for a minimum investment of £100,000 and that I was only 2 per cent of their investments were of this order." Contact, meanwhile, had been made with Mathewcourt Securities, London-based corporate and financial advisers. "They told me that they had recently invested in another 'venture capital' situation which had gone so well that they were not looking at others for the

moment," says Morrison.

British Linen Bank's Creative Capital Fund—another set up under the Business Start-up Scheme—was at least more specific. The managers pointed out unambiguously that to qualify for the scheme under the 1981 Finance Act the company had to carry on its trade "wholly or substantially" in the United Kingdom.

Morrison's most frustrating encounter perhaps was with Easton Fisheries, part of the Coats Patons Group and a company which had contacted him through the Bristol-based Venture Capital Report. (This publication, to which readers privately subscribe, prints write-ups of new business projects looking for cash.)

Easton, which is an eel farm and smoking subsidiary of Coats Patons, said in writing that Morrison had to its satisfaction "shown that the potential (for his project) exists." A deal was actually signed for an initial £20,000 but a week later the company's legal department effectively torpedoed it because it wanted a charge on Morrison's house—a move which would have caused complications.

Negotiations, meanwhile, had been taking place with Triventure—a management company running the Basildon Fund, another of those set up under the Business Start-up Scheme. Morrison says he found Triventure "extremely professionally run"—it contacted a colleague to visit the Canadian smoking operation, for example—but it took a "very long time" before a firm offer was received.

Triventure, however, was only prepared to take a minority shareholding and wanted Morrison to put up the balance of the cash. In view of the heavy expenditure he had incurred in setting up the project he was unable to do this. A 50 per cent stake in Skeena was finally bought by Suttons Motor Group—another contact which came from Venture Capital Report. Morrison says the VCR entry was well worthwhile.

By the time Suttons came onto the scene things were fairly desperate and the project was about to be shelved. The great thing about Suttons is that as a family company they gave us their decision literally in five minutes.

"Our orders finally went out (some were late) and we feel that had the financial facility been in place earlier we would have been in a very much stronger position to expand more quickly." However, the rate of expansion is now the issue on which Morrison and Suttons do not appear to see eye to eye.

## Printers must invest to compete

BRITISH printing companies, the vast majority of which are small concerns, are not investing enough in new machinery and investment. If they are to improve their competitiveness, there must be increased investment, despite the difficult conditions currently being experienced by the industry.

This is the conclusion of a report by the National Economic Development Council printing industries sector working party. The report shows that, because of present overcapacity and uncertainty over future levels of demand, much of the capital expenditure planned in the industry is going to be for replacement purposes rather than expansion.

The report by the sector working party draws on a survey it carried out among printing companies and it points to a whole range of reasons for the reluctance to

embark on capital investment.

After low demand the most significant constraints mentioned by companies were the inadequacy of the expected return on investment, lack of financial resources and the cost of finance. About 13 per cent of companies referred to constraints arising from "unrealistic or excessive demands by trade unions."

There were calls for the unions to adopt more flexible attitudes in areas like manning levels, so that new technology could be run to the limits of its design capacity—although a number of employers recognised the difficulty which present unemployment levels create for union officials who try to support the introduction of labour-saving new machinery.

The printing companies came up with a number of suggestions for improving their current depressed circumstances—from direct government assistance to the

industry to increased local spending on school and library books.

A total of 194 printing companies took part in the survey—the biggest single group being employers with fewer than 50 employees. Questionnaires established that companies taking part in the survey planned to spend £26m on buildings, plant and machinery last year compared with £33m in 1980.

Nearly two-thirds of the companies felt that there would be no change in their manpower requirements as a result of investment plans. But a quarter of the respondents—who accounted for 49 per cent of the employees covered by the survey—said that manpower needs would be reduced.

\*Investment survey No 1—Printing Industries Sector Working Party NEDO Books, £10.

Alan Pike

## In brief . . .

MICHAEL RESELTINE is principal guest speaker at tomorrow's Annual Small Business Bureau conference to be held at the Central Hall Westminster, London. New Secretary of State for Defence, he was Environment Secretary when he was invited to speak. He is nevertheless expected to wear his MoD hat and talk about the way small firms can win a bigger share of public sector contracts. The SBB is the Conservative Party's own small business lobby group.

A SERIES of half-day seminars designed to help the small exporter have been organised in the London area by the London Chamber of Commerce and Industry. "Exporting: Understanding the Partnership" will be held at Ealing tomorrow while "Documentary Letters of Credit" will be the subject of a seminar at Crawley, Sussex, on Thursday and at Twickenham, Middlesex, on Thursday March 10. Seminars on export finance are planned for later dates. For details contact Tony Richards at the Chamber. Tel: 01-248 4444, ext 16.

NATIONAL Westminster Bank's fixed rate Business

Development Loans—which are aimed specifically at smaller businesses—now total over £750m representing 75,000 separate borrowers.

Introduced in 1971 NatWest has been giving the scheme a strong push recently, putting out around £240m in the last 12 months. Sums are advanced from £2,000 to £250,000, repayments are monthly, and the interest rate currently is between 13.1 and 14.4 per cent fixed depending on the terms (between one and 20 years).

## Abstracts

Venturing into venture capital. R. P. Greenhalgh and J. A. Larson in *Business Horizons* (USA), Sept/Oct 82. See a trend towards greater corporate involvement in new ventures, through either internal venture groups or limited partnership with private firms: examines the aims of such involvement, and the organisational position of an internal venture group. Describes management group control, the entrepreneurial skills and experience it needs, and how companies should pay for them. What will the Youth Training Scheme mean for employers? G. Holland in *Personnel Management* (UK), Sept 82. Sets out questions and answers about the purpose of

this government-sponsored scheme and its implications: safeguards for employers and trainees, administrative requirements, and sources of assistance and advice.

Export distribution management. G. Davies in *Industrial Marketing Digest* (UK), Vol 7 No 3.

Examines relationships between exporters/freight-forwarders/carriers: warns of inefficiencies when shipping is organised by a low-paid shipping manager, and by way of example, names companies, which, in various ways, deal direct with carriers.

Early retirement incentive. Monoling, L. B. Baenen and R. C. Ernest in *Personnel Administrator* (U.S.), Aug 82. Looks at advantages of voluntary early retirement as a means of reducing size of workforce without layoffs; examines the pros and cons of incentives, and gives advice on how they should be communicated to employees.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, P.O. Box 23, Wembley HA9 8DJ.

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Tuesday February 15 1983

## The drift to managed trade

THE TRADE agreement between the EEC and Japan announced in Tokyo at the weekend marks a further step towards managed trade and does nothing to solve Europe's most serious industrial problem—its lack of competitiveness. The fact that for the first time Japan has negotiated an export restraint agreement at the level of the Community rather than with individual member countries may be a source of satisfaction to EEC officials, but it is the European consumer who will pay the price.

The most novel element of the agreement involves video tape recorders, where a curious form of infant industry protection is being applied. Philips has been in the VTR business for some years, most recently in association with Grundig of West Germany, and for a mixture of technical and commercial reasons has failed to make much impact. The Japanese arrived on the scene later, but with a good product, competitively priced, have won the lion's share of the European market; it has been a classic example of the Japanese skill in applying high-volume manufacturing techniques to a complex precision engineering product.

In recent months competition among rival Japanese VTR producers has forced prices in the European market down to levels which caused Philips and Grundig to launch anti-dumping proceedings. Under the Tokyo agreement it appears these proceedings are likely to be dropped. In return Philips and Grundig will be guaranteed a sale of 1.2m units this year and the price of European and Japanese machines will be "aligned." While the details have yet to be worked out, this could mean that Philips and Grundig will in effect set the price which the Japanese must follow. The most efficient producers will charge for their VTRs, thus penalising the consumer and boosting the profitability of the Japanese companies.

## Argument

The argument is that with the aid of guaranteed volumes and prices Philips and Grundig will achieve the economies of scale and profitability which will enable them to gradually close the efficiency gap between themselves and the Japanese. If one could be confident that the protection will be phased-out after a specified period, the arrangement might be less objectionable. But past experience suggests that once a

market-sharing agreement of this kind has been put in place, it is extremely difficult to remove it. Philips and Grundig will no doubt claim that they invested large sums on the expectation of a guaranteed market and that jobs will be at risk if the prop is removed prematurely.

Thus there is a real danger of preserving a high-cost European industry which is able to compete inside the EEC because the market is rigged in its favour, but cannot compete against the Japanese in other markets. This is the crucial point. A "fortress Europe" policy in electronics and other supposedly strategic sectors may bring short-term gains to hard-pressed European producers, but Europe still has to export to the rest of the world and such protection can only inhibit the drive for international competitiveness.

Plan For advocates of a European industrial strategy protection of VTRs may be seen as the first step towards a comprehensive plan for electronics. There are fears that Japan will capture too large a share of the world electronics market and thus undermine Europe's ability to participate in the most important industrial technology of the current decade. But the electronics market—defined broadly to include consumer and industrial products as well as components—is so enormous that no single country can possibly expect to be dominant in all its branches.

There will be increasing specialisation in electronics among industrial countries, and between them and developing countries, just as there has been in mechanical and electrical engineering. No doubt there will be some things which Japan does better than anyone else, but it is up to businessmen in each industrial country to identify the areas they can be internationally competitive and invest accordingly.

For all the rhetoric of the Cat ministerial meeting last November, export restraint agreements are spreading. The spectre of western Europe drifting into protected inefficiency, using Japan and the newly industrialising countries as scapegoats for its own inability to adjust, is coming closer.

## Feast or famine in the City

THE British Government's privatisation programme is looking very much a matter of feast or famine, with no happy medium.

Last week the feast returned, with £740m put up for an offer for sale of shares in Associated British Ports which carried an official price tag of just £22m. Before that it had been famine, with almost three-quarters of the Britoil share offer left unsold with the underwriters last November, and the 100p paid shares recently falling below the 50p mark.

Many of those involved in the banks and broking firms which have sponsored the ABP flotation will be holding their breath this morning, hoping that the first day's dealing will not set a market which gives the stage too big a profit over the subscription price of 112p. A premium of 10p or 15p would be acceptable—after all, any prudent seller leaves just a little for the next man—but 25p or 30p would begin to look distinctly embarrassing.

But whatever happens in the market, the City of London's public flotation techniques are wide open to criticism. That money should cascade in for a glamorous high technology issue like Amersham is just about understandable; but that three-quarters of a billion pounds should be spirited up to speculate in a humdrum share like ABP is very hard to explain or justify.

Caution At one level, it can be argued that just as the Britoil debacle reflected the over reaction of the politicians to the Amersham scandal, so the ABP rush has resulted from the desire of the City's underwriting institutions to be absolutely sure there would be no repeat of their losses on Britoil. Caution among the underwriters is claimed by the issue's sponsors to be a key factor in the low pricing of the ABP offer.

Nevertheless, massive over-subscriptions are not just symptoms of privatisation

offers. Other recent issues by private sector vendors such as those involving International Signal and STC have also attracted huge sums. New issue stages are well practised in their craft and routinely able to mobilise huge temporary resources from their bank managers. New flotations need to be managed in a different way—less so long as the climate on the London Stock Exchange remains so speculative.

The obvious answer is to opt for issues by tender, so that the appropriate price is not just guessed by the sponsors but is fixed by the level of applications. This was the method for the ABP flotation, given that the Government was not especially concerned about how much would be raised from such a relatively small issue. Indeed, because privatisation rather than money raising was the main objective, there was a case for a tender issue without a minimum price, thus avoiding the expense of underwriting.

Speculation Even with a fixed price offer, there could be other ways of cutting down excessive speculation. More serious attempts could be made to weed out multiple applications, and there could be insistence on clearing all cheques.

All of this goes against the City's inclinations. Although huge over-subscriptions has embarrassed overtones for new issue sponsors, there is profit in it for everybody else, from the banks which lend the money to the printers who produce the prospectuses. And it can all be a great deal of fun.

If they are determined enough the vendors of shares can put an end to this kind of circus. But the Government's eagerness to promote wide dispersion of ownership in privatised companies has served to encourage staggering; it is small, private investors who are the most devoted stages. If the Government wants to encourage genuine long-term share ownership by small investors, it will have to look at other measures, notably tax reform, to bring it about.

BRITAIN'S machine tool industry is fighting for its life at a time when it should be leading the country's manufacturing industry into the brave new world of factory automation.

Sales of British machine tool companies have fallen 55 per cent since 1975. Almost all leading companies are losing money and cutting costs on a large scale in order to survive. "As an industry, we are perilously close to a collapse," says Mr Tony Weddle, managing director of IT Group's machine tool subsidiaries, Matrix and Churchill.

The industry's problems go back to the mid-1970s when Britain's mechanical engineering industry went into decline and started cutting back its capital spending. Among the first victims were new machine tools, the metal cutting and forming machines that are the foundation of factory production.

The country's machine tool makers meanwhile were also having to cope with high inflation rates and the rising value of sterling, and many were slow to attack overmanning and other inefficiencies.

Thus, they were in too weak a state to cope with growing competition from two sources. On the one hand, producers in newly industrialised countries, such as Taiwan and South Korea, were beginning to make the standard conventional machine tools, such as centre lathes and grinding machines at very low prices.

At the other end of the scale, the Japanese were making a commanding lead in the development and production of powerful, electronically controlled machine tools.

The result is all too plain to see: import penetration in the overall UK market jumped from 25 per cent in 1975 to 40 per cent in 1981. Japanese producers' share of the UK market has grown in the same period from 4 to 12 per cent.

In the new electronically controlled machines, Japan's penetration has been even more impressive. Its UK share of numerically controlled (NC) and computer numerically controlled (CNC) lathes, for example, has risen from 18 per cent in 1975 to 37 per cent in 1981. And its share of the UK market for CNC machining centres has reached 60 per cent.

With a few outstanding exceptions, British producers have given up trying to compete with the Koreans and Taiwanese at the bottom end of the product range. Much of the contraction in the UK industry in recent years has involved conventional products.

At the other end of the market, British companies have no choice but to try to catch up with the Japanese in NC and CNC products. The demand for these machines has been growing rapidly and they will soon account for half the value of all UK machine tool sales. More important, these are the basic components of flexible manufacturing systems (FMS) and other automated production systems that are expected to become increasingly prominent in factory operations.

Among the major companies, John Brown has cut its UK machine tool business back from four sites to one and slashed the workforce from 2,200 to 600. IT Group has halved employment at its Matrix and Churchill subsidiaries to 800. Kearney and Trecker Marlin, the machine tool subsidiary of Vickers, has taken out one third of its 1,000 workforce in the past year, while Cincinnati Milacron has closed its Bedford foundry and cut overall employment from 2,000 to 800. Jones and Shipman has

reduced its workforce from 1,550 to 850 and E. Elliott has cut employment from 1,771 to 836 in its machine tool manufacturing subsidiaries.

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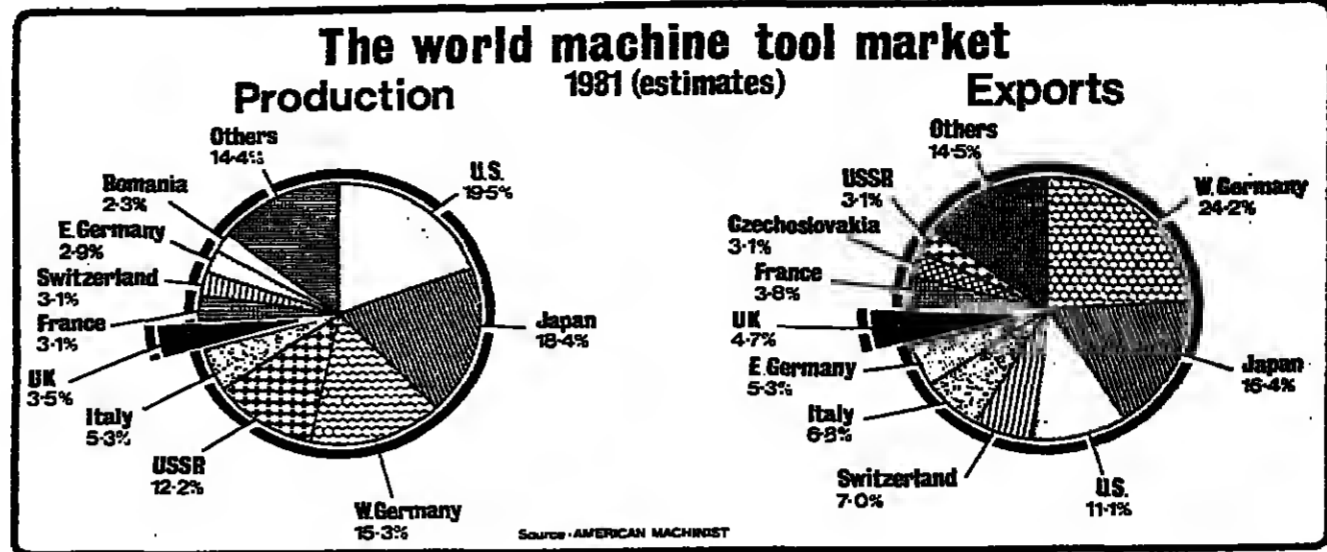
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## BRITAIN'S MACHINE TOOL INDUSTRY

## The uphill struggle to survive

By Ian Rodger and Peter Bruce



## A STRATEGICALLY IMPORTANT SECTOR

THE machine tool industry is fairly small in the league of manufacturing industries. Total sales in the UK in 1981 amounted to slightly less than £400m. By contrast, the UK sales of Cuscut Keen and Nettelfields alone in that year were over £10m.

However, the machine tool sector has always been considered strategically important because its products hold the key to higher productivity throughout most of engineering.

It is also a highly international business, with a large volume of trade between the industrial countries. No one country is self-sufficient in all types of machine tools. Even a major exporter like West Germany has a significant part of its home market supplied by imports.

The industry tends to be dominated—especially in Germany—by small and medium-sized companies, which often specialise in a very narrow range of products. But the traditional

character of the industry has been challenged in recent years by two important developments—first, the advance of electronics and, second, the remarkable rise of the Japanese producers.

The successful application of electronic controls to the main types of machine tools—lathes and milling and drilling machines—has transformed the nature of these products, enabling them to perform a wide variety of tasks with great precision and speed.

Whereas there used to be a need for many specialised lathes or milling machines, now most customers' needs can be satisfied with one of a few standardised models using electronic controls.

Stories are common of machining job times being cut from five hours to 20 minutes following the introduction of numerically controlled (NC) and computer numerically controlled (CNC) machines.

Between 1978 and 1981, the number of conventional machine tools sold in the UK

dropped from 65,000 a year to 37,000, but the number of NC and CNC machines sold increased from 1,510 to 1,950.

More important, the value of NC and CNC machines is typically much higher than that of conventional tools. Already in 1981, they accounted for nearly one-third the value of all machine tool sales in the UK and they are forecast to reach 50 per cent by 1985.

Until recently, these changes were affecting only the turning, milling and drilling machine makers. But makers of grinding machines and other machine tools are also beginning to adapt electronic controls to their products.

Anyone who has not got his foot in the CNC door today is in trouble," says Mr Pat Gidley, managing director of Giddings and Lewis-Fraser.

One problem for many traditional machine tool makers is that these new machines are much more costly both to build and to buy than conventional ones.

A conventional lathe can be purchased for as little as £3,000, but CNC lathes start at about £50,000 and machining centres can cost up to £1m. Producers need a lot of capital and high sales volumes if they are to compete successfully.

The Japanese, who a few years ago were almost unknown as machine tool exporters, saw an opportunity to apply their manufacturing and product development skills to this section of the business. By the time the Americans and Europeans realised what was happening, Japanese producers had major shares in their markets.

By 1980, they had about 50 per cent of the U.S. market for CNC lathes and more than a third of the West German and British markets. Their shares of the markets for machining centres were even larger.

Total Japanese exports of machine tools have jumped in value from £161m (£257m) in 1975 to £310m in 1981.

## MACHINE TOOL EMPLOYMENT

## FIRST QUARTER 1973-82

Year	Jobs '800s	Year	Jobs '000s
1973	52.6	1978	52.0
1975	54.0	1980	49.8
1977	50.6	1982	37.2

Source: Department of Employment.

## Men &amp; Matters

## Ransom rumours

Rumours—some well-founded, others not—are circulating like wildfire over the rewards supposedly offered for the safe return of Shergar.

Jonathan Irwin, managing director of Eire's leading auctioneers, Goffs, has categorically denied that he offered a £50,000 reward with "no strings attached" for the safe return of the stallion on behalf of the Irish Thoroughbred Breeders' Association.

But a leading English security firm confirms that it is attempting a satisfactory offer on behalf of the Aga Khan.

A figure of £1m is being mentioned in racing circles as the sort of money that company is empowered to negotiate with.

Almost the entire thoroughbred breeding community outside Ireland is horrified at the idea of a ransom with no strings attached, being paid for the safe return of the £10m-plus stallion—believing such a move would open the floodgates for similar demands.

Leading bloodstock figure James Delahouke, who acts for, among others, Prince Khalid of Saudi Arabia, says he in no way holds with the payment of a ransom as things stand.

Delahouke, who recently helped obtain Ireland's Ferrans stud for Prince Khalid and has been responsible for injecting many millions into the Irish breeding industry, is also giving warning that there is no way in which he or his principals would wish to be involved in basing future stallions in Ireland if a ransom is paid for the safe return of Shergar.

Bench mark There was a time when no judge worth his salt would admit to any knowledge of pop stars or

film stars, no matter how widespread their fame below the judicial bench.

"The light bulb"—his lordship would ask, puzzled and incomprehension puckering his brow.

Or "Beetles"? How do you spell that, Mr X? Today's judge, however, is a different creature. Much because he watches Top of the Pops as because in recent years the financial affairs of pop stars have constantly been the subject of complex and costly litigation.

Thus Mr Justice Walton was able to comment yesterday that "Every member of the Chancery Bench has personal judicial knowledge that the scarabaeus sacer Liverpoolensis is a most litigious insect."

## Power seeker

American enthusiasts for nuclear fusion—the most far-out of all novel energy sources—have found a wealthy new patron in Bob Guccione, publisher of Penthouse.

Guccione, who also publishes Omni, a glossy pop portrait of science fact, fiction and speculation, is investing several hundred thousand dollars a month in a scientific venture that is unlikely to yield profits in his lifetime.

It is called the Rignatron—a name that owes nothing to its scientific principles but quite a lot to the fact that Riggs National Bank, of Washington DC, was once its patron.

The Rignatron—the idea of a nuclear engineer called Robert Bussard—is a miniature version of the gigantic experiments (like Euratom's £350m JET project near Oxford) that governments are funding in the U.S., Britain, the USSR and Japan.

bit like a light bulb—"you just screw in another when it fails," one engineer says.

The "light bulb" would be only a few feet across. This replaceable bit would screw into the heart of a more permanent power station structure, and would be mass-produced for as little as \$1m, Bussard believes.

In the balmy clime of La Jolla, Bussard and his privately-funded team are spending about \$6m a year—mostly Guccione's money. Word is, they have six major engineering problems to solve if the Rignatron is to work. Cautious engineering judgment advises that the odds are too high if you have more than one unknown factor when you embark on such a venture.

Anyone else looking for a longshot? The Rignatron project is hoping to raise another \$200m.

## Hair lines

Mexico's former President, Jose Lopez Portillo, has shaved off the beard which he has so carefully cultivated since his political retirement in December.

The first stubble had barely appeared when demands arose for an inquiry by the new government of President Miguel de la Madrid into the sources of Portillo's wealth.

The Mexican press has been asking where the money came from to build the four opulent mansions overlooking Mexico City for the Portillo family. One house has a library big enough to shelve a million books.

Portillo's first response to the campaign, says a senior government official, has been to get rid of his beard as a symbolic gesture that he has nothing to hide. For some reason that is not immediately apparent, the British Embassy in Mexico City is also currently concerned about a beard.

This one is a goatie which adorns the chin of the Embassy's amiable press officer Philip Dent. And the question to be resolved is whether it is appropriate for him to appear before the Queen when she begins her five-day visit to the country on Thursday.

Ambassador Crispin Tickell will rule on the issue before the Royal visitors arrive.

## Silencers

Strange, indeed, are the ways of some corporate press and public relations departments. Take Toyota's. When it comes to organising a hospitable tour of an automated plant in Japan, few are so adept. They will even run up a national flag to make the foreign visitor welcome.

But when it comes to news of a deal, few are so clam-like. For the best part of nine months of intense negotiations between Toyota and General Motors about a joint production deal, no Toyota press release has ever admitted that the talks were anything but a figment of newspaper imagination.

Even on Monday evening in Japan, when the rest of the world knew that a formal announcement was only hours away, the public relations department was sticking to the same line.

Then at one o'clock in the morning, a public relations man phoned our Tokyo correspondent to tell him that there would be a statement at 8 am—though he could not say what it would be about.

## 'Arking back

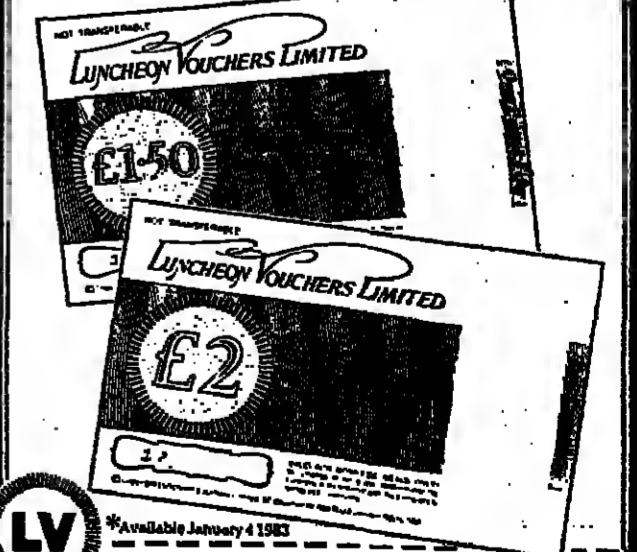
Noah was the greatest ever businessman. He floated a company while the rest of the world was in liquidation.

Observer

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## Letters to the Editor

## Job tenure in Universities

From Professor R. Harkness

Sir,—I read and admire your paper for its generally factual approach. So I was disappointed by your editorial the other day (January 24) about job tenure in Universities.

First of all, a minor matter, the habit you and others have acquired of talking about "academia" with the implication of an idyllic life, a sort of refined Martini existence, sitting in the shade discussing the wine that you are sipping, with interludes in which you shake down your liver by strolling about in the "groves" (which to give you, the editor, your due you had the decency to omit). "Academia" as currently used is an evocative word like "kaffe" or "wog". When you see it in a headline you can predict with about 99 per cent accuracy the sort of thing you are going to read below, a muddled soliloquy expressing essentially nothing more than a dislike of universities, a sort of elongated slogan, in your case "tenure out". You made no effort to discuss a major reason for tenure

in Universities, which is to give rather more than average intelligent people the opportunity to pursue imaginative research that they find intellectually important, but which might take a long time to show results. In other words, to embark upon the unknown. Many, many of the basic advances in the past have come from just such people in just such circumstances. It is in the nature of things that such people can't be told what to do.

Your recipe is for bread and butter research where an answer to a question is clearly obtainable by existing methods, but nothing really new is likely to come out. One of the achievements already of the present government has been to make it very difficult financially for an independent and original person to follow his own nose. What you want to do as I see it, is to make it impossible.

(Professor R. D. Harkness, Department of Physiology, University College London, Gower Street, WC1).

## Money for overseas students

From Mr N. Kinnock MP

Sir,—The Government's emphasis (February 9) on an additional £46m for overseas students is seriously misleading. Answering questions in the House of Lords, Lord Belstead made it clear that only £25m over three years—just over £8m a year—is "new money." The remainder is simply fished from other parts of the overseas development programme.

That £8m a year is both quite inadequate to meet even the very limited goals of the Government statement and, in any case, be substantially less than this Government has already taken away from overseas students since introducing "full cost" fees in September 1980—a measure which dramatically switched Britain's support from the poorest students and countries to the wealthiest. This policy has now been formal-

ised in Mr Pym's statement. He says that the selective discretionary awards will be designed to attract students "whose study and experience here will be of advantage to this (sic) country." That is nothing less than educational colonialism. The Labour Party is committed to reverse that approach by a major expansion of the overseas development administration programme giving preference for entrants on grounds of origin, income level and availability of courses in Britain and elsewhere. Opportunities for refugees will be increased. We will give positive help to Third World countries to establish and develop their own systems of further and higher education. Maximum assistance will go to the poorest students and the least well-off countries.

Neil Kinnock, House of Commons, SW1

## Small firms and big contracts

From Mr G. Bannock

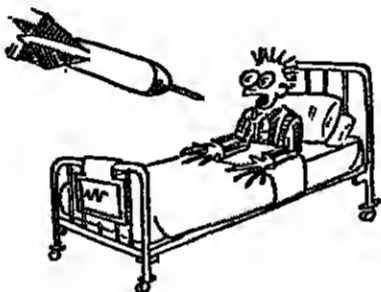
Sir,—Michael Grylls, MP, and Mr Edward James (January 26 and February 5) have written to you on the question of whether or not a "set aside" policy is the best way of ensuring that small firms obtain an optimal share of government contracts.

There are, as Mr James points out, problems with setting quotas for government purchasing. It seems unlikely, however, that the share of small firms in public purchasing will be raised except by the use of fairly blunt instruments. It is now over 11 years since the Bolton Committee recommended that the Government should give early attention to the effect of official procurement policies on small firms yet

we still do not even know what the small firm share of public purchasing is, let alone seen effective measures to increase it. To plug the statistics gap all that is necessary is to require all contractors to state on the order form the number of people they employ though it would be useful also to have information on sub-contracting.

Many other countries (for example, France, Germany, Canada and the U.S.) publish a size breakdown of the companies that are awarded government contracts. Japan actually publishes in advance its plans for purchasing from small business each year.

Graham Bannock, The Barn, Lower Farm, Hilton, Blonford, Dorset.



Sir, I read with alarm the report in *Men and Motors* [February 10] that Stanley Lowe "thunk out more than 100 patients for aspects of darts design!"

A.N. Burgess  
18, Sycamore Drive,  
Grady,  
Leicester.

## Expected rate of inflation

From Mr J. Sheldon

Sir,—Samuel Brittan (Lombard, February 7) brought up the important point that the presence of index-linked gilts should make it possible for analysts to judge the market's prediction of the rate of inflation. But his calculation ignored taxation. If one assumes that 30 per cent standard rate taxpayers set the price of gilts, then the expected rate of inflation is 6.65 per cent.

A standard rate taxpayer has the choice between an after-tax yield of 7.0 per cent (11.4 per cent on the conventional gilt or 7.0 per cent of 24 per cent plus 100 per cent of 6.65 per cent (the expected rate of inflation) on the indexed gilt—8.23 per cent in both cases. Another way of putting it would be to say that the taxpayer feels he needs to put aside 94 per cent of his 114 per cent conventional yield to reinvest 6.65 per cent after tax.

Although some allowance should be made to reflect the fact that only wide index-linked gilts is the investor assured of being able to reinvest 6.65 per cent (the expected rate of inflation) at the same rate—the conventional holder must rely on the same market existing at the time of reinvestment—the rate of 6.65 per cent is much more in line with what pundits predict about inflation than is 94 per cent.

Further a prior proof lies in the fact that non-taxpayers would generally be wary of investment which was tax efficient to high rate taxpayers. Pension funds get a premium by investing in high yield coupons which individual taxpayers may share. It is therefore likely that the marginal price of index-linked gilts is set by individual standard rate or higher rate taxpayers.

J. B. R. Sheldon, 20 Stafford Place, SW1.

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## Foreign Affairs

## The issue is Mr Reagan

By Ian Davidson



George Bush (left) and Michael Heseltine: a curious lapse by Nato propagandists

THERE SEEMS to be a consensus among the great and the good of the British establishment that the European tour of Mr George Bush, the American vice-president, was a great success. Yet it is not immediately obvious, four days after his return to Washington, what that tour really achieved. He did not have anything new to say about the U.S. negotiating position on European-based intermediate range nuclear weapons (INF), except to reiterate that President Reagan's "zero option" is not a take-it-or-leave-it offer. Perhaps the most favourable verdict one can pass on his tour at this stage is that he did not make matters worse by his lightning grand tour.

That he had no substantive novelty to offer on the negotiating position is hardly surprising. Some people doubt whether the Soviet Union will be prepared to start bargaining seriously much before the first deployment of cruise missiles towards the end of the year. But in any case there is no prospect of movement at the negotiating table in Geneva, until the German elections on March 6 are out of the way. If the Christian Democrats remain in power, their firm endorsement of the current Nato position may persuade the Russians that it is time to start negotiating; but if the Social Democrats are returned, their more equivocal attitude may encourage the Russians to delay as long as possible.

For the next three weeks at least, therefore, all the action will be on the propaganda front, in a battle for the hearts and minds of the people of Europe. So far, that propaganda battle does not seem to have made much of an impact. The poll taken by ITV's Weekend World programme on Sunday showed remarkable stability in British public opinion: a large majority is opposed to unilateral nuclear disarmament by the UK, but a majority is also opposed to the deployment of new Cruise missiles in Britain.

Now one of the surprising things about this battle for hearts and minds is that Nato's propagandists have failed to play some of their most telling cards: the precise words of the communiqué of December 12, 1978, announcing Nato's twotrack decision. Perhaps it is worth reproducing the key passage.

"Ministers have decided to

modernise Nato's long range theatre nuclear forces by the deployment in Europe of U.S. ground launched systems comprising 108 Pershing II launchers, which would replace existing Pershing I-A, and 464 Ground Launched Cruise Missiles (GLCM) all with single warheads...

"The programme will not increase Nato's reliance upon nuclear weapons. In this connection Ministers agreed that as an integral part of TINF modernisation, 1,000 U.S. nuclear warheads will be withdrawn as soon as feasible. Further, Ministers decided that the 572 LRTNF warheads should be accommodated within that reduced level, which necessarily implies a numerical shift of emphasis away from warheads for delivery systems of other types and shorter ranges."

Many strategic experts believe that the most worrying nuclear systems are precisely the shorter-range weapons, because they are so much more difficult to control, and that there is a case for reducing or withdrawing them, independently of any negotiations with the Russians.

It is not surprising, then, that scarcely any Western spokesmen seem to be stressing three simple points: First, that Nato has already agreed, unilaterally, to reduce the nuclear arsenal in Europe; second, that the deployment of 572 new weapons would be accompanied by the withdrawal of 572 existing weapons; third, that this shift from shorter to longer-range weapons can be construed in one sense as a stabilising move. So far as I can learn, these points were not made by Mr Bush on his

lightning tour, they were not made by Mr Michael Heseltine on Weekend World, and they were not made by Mr Francis Pym, the Foreign Secretary, in his speech to the European Atlantic Group last night.

The explanation for this curious lapse may be that, after three years, Western politicians have forgotten the details of the 1979 agreement. But it may be that they are uneasily aware that the nub of the issue is not the missiles as such, but rather the role of the Reagan Administration in the Atlantic Alliance, on the one hand, and the military rationale for different nuclear weapons systems on the other.

When the modernisation of Nato's land-based nuclear weapons was first contemplated, it was seen (by the then German Government, in particular) as a device for linking the U.S. strategic umbrella more closely to the protection of Europe. Since then the wheel has turned, and it is now seen by the anti-nuclear movement in Europe as a symbol of the militaristic rhetoric of the Reagan Administration. Hence the heavy support, in the British opinion polls, for some kind of dual key mechanism which would give a British government a foolproof veto over any American use of the new weapons.

With hindsight, it seems clear that it was an error to stake so much on any given weapons system. In an age of nuclear parity between the two superpowers, there must be unavoidable uncertainties whether, in a crisis, an American president would risk the destruction of the continental U.S., and these

uncertainties cannot be wished away by particular bits of hardware. This is sometimes called the problem of "extended deterrence." Conversely, of course, the Soviet Union cannot be certain that a U.S. president would not employ nuclear weapons; that is their risk, and even a 5 per cent probability that he would use nuclear weapons may be enough to deter them from anything rash.

The most pressing problem facing the Alliance is the credibility of the U.S. as Nato's negotiating representative in Geneva. While Mr Bush was re-assuring Europe of America's reasonableness, Mr George Shultz, the Secretary of State, was promising the Japanese Government that the U.S. would take care of the 90-odd SS-20 missiles deployed in the east of the Soviet Union. That sounds like an undertaking to negotiate with the Russians, on behalf of the Europeans, the Japanese and the Chinese, a deal in which the Chinese would make no commitment, and is inherently implausible. Anxiously about America's real intentions is not confined to the protest movements. Even in the highest reaches of Nato you can hear sentences beginning "If we assume that the U.S. is negotiating in good faith..."

And confidence is not enhanced by reports that the U.S. is planning to produce three times as many Pershing II missiles as are slated for deployment in West Germany. Meanwhile, some U.S. politicians are taking on a distinctly menacing tone: their ambassador in Nato has warned that Washington will consider withdrawing troops from Europe if deployment of the new weapons systems is prevented.

Like it or lump it, Nato is stuck with its 1979 decision, and can only hope that the U.S. is willing and able to strike some deal with the Soviet Union in Geneva. But the underlying lesson of this tense debate is that European politicians must confront the unavoidable problem of "extended deterrence." If they cannot persuade their electorates to have faith in the reliability and good sense of the Americans, regardless of the switchback of the U.S. presidential system, then they must offer some thoughts on how Europe can be more self-reliant for its own defence. If they were to do that, Nato might have a chance of lasting for another 30 years.

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	M.P.A.	Willis Faber	IPMS
1 year	1st	1st	1st
2 years	1st	1st	1st
3 years	1st	1st	1st
4 years	1st	1st	1st
5 years	1st	1st	1st

## Friends' Provident Mixed Fund

	M.P.A.	Willis Faber	IPMS
1 year	1st	2nd	1st
2 years	2nd	2nd	2nd
3 years	3rd	4th	2nd
4 years	1st	3rd	1st
5 years	1st	2nd	2nd



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Mr Robert G. Punt, Friends' Provident, 34 Park Street, W1, London W1P 1AD. (01-224 0000)

## Confidence trick and seat belts

From Mr G. Henderson

Sir,—I should like to amplify, as a motorist, the point made (February 9) by Mr West-Orum of the Pedestrians' Association. The seat-belt law will not prevent a single accident; there is even the possibility that, by inducing a "new in safe" mentality, it will cause some. Belts mitigate the effects of some accidents, but the misery and loss caused by all road accidents will continue undiminished.

The reason why MPs allowed themselves to be counted into passing this law is obvious: it was the cheapest way in which they could show some concern about road accidents. But to reduce accidents—such as two-stage driver training with a stiff "final" test, regular tests of eyesight and knowledge of the Highway Code, vigorous action against drink-driving, vehicles with defective lights—would cost money; others, such as a total ban on "dangling dollies" and smoking while driving, would be unpopular

and could lose votes. Read again the Commons debate which preceded the vote for seat-belt compulsion, and nowhere among the pious platitudes will you find any reference to one fact that puts the whole issue into perspective: according to "Road accidents in Great Britain, 1979" (Department of Transport), fewer than 19 drivers or passengers in cars or taxis were killed or seriously injured in 1979 per 100 million km; in other words, one can expect to drive a car 100 million miles before a fatal accident or serious injury. Set against this degree of risk, and set against the accident figures for cyclists and pedestrians, seat-belt compulsion is an irrelevant absurdity which serves only to divert thought, resources and police vigilance away from more important measures needed for effective accident prevention.

G. P. Henderson, CBD Research, 154 High Street, Beckenham, Kent.

## Democratic election of directors of building societies

From the Secretary-General, Building Societies Association

Sir,—Mr C. F. J. Punt (February 3) quotes the Association as saying that it is difficult to see how it is (the election of directors of building societies) could be more democratic. The quotation was, in fact, your correspondent's view of what had been said to her in a fairly long telephone conversation. The Association's views on this matter are set out in our recently published report.

Any member of a building society can, if he complies with the rules of the society, stand for election as a director. What constitutes democracy is a matter of opinion rather than fact. Mr Punt seems to start from the assumption that what is ideal is that an existing board of directors of a building society should leave it entirely to the members of the society to put forward candidates for election to the board. This would be a disastrous course of action. Responsibility for managing a society rests with the board of directors and one of the prime responsibilities of a board in this area, as indeed in any other area of commercial life, must be to ensure that the board itself is adequately constituted. A board of directors needs a good age balance and

a range of experience relevant to the society in question. It is difficult to see how such a board could emerge from spontaneous action of members, most of whom want little or no part in the management of their societies.

Having said this, where members clearly show an interest in the composition of boards it is right and proper that the directors should explain to the members why certain people have been invited to join the board and the qualities they can be expected to bring to the society.

Mr Punt refers to the practice of co-optation as being a "paramount mischief which pre-empt the electoral process." It is entirely proper that a board should fill casual vacancies with people whom it considers to suit the needs of the society. (In an extreme case there may not be a quorum unless they do.) As is the normal commercial practice, the people so appointed retire at the next or a subsequent annual general meeting and face election by the members in the usual way they are by no means exempted from the electoral process.

Mr Punt refers to a number of alleged undemocratic devices

used by societies. Let me comment on these. Societies do not use asterisks to denote favoured candidates on ballot papers but, rather, in accordance with common practice throughout the rest of commerce, they indicate which of the candidates are existing board members. There is, however, no reason at all why boards should not give their view on candidates for election. Indeed it would be grossly irresponsible of a board not to give the members where it felt that it was essential that it should do so. This was recognised by the Chief Registrar of Friendly Societies in a recent dispute.

"Plumping" is a well known device aimed at securing the election, not of a group of people such as a building society board has to be, but only of one member of that board. Whether to have a requirement that voters must vote for as many candidates as there are vacancies is a matter for each society's rules as decided on by its members. If there are vacancies then it seems not unreasonable that those members who wish to exercise their freedom to vote may be expected to indicate which three

candidates they feel best able to fill the vacancies.

Ignoring Mr Punt's absurd statement that any lack of secrecy would prejudice staff members, and possibly potential borrowers, in practice building societies adopt much the same rules as any other organisation. Of course it is necessary for there to be some identification on a special proxy form or otherwise there would be no means of checking whether the vote was valid but some societies use voting cards at the actual meeting which do not reveal the identity of the voter. Mr Punt refers to "unfair proxy systems." Most societies have the same rules for proxy voting as do commercial organisations generally.

No one would claim that building societies are perfect. Certainly, they have a clear obligation to those of their members who wish to be involved in the affairs of the society, but equally they have an obligation to all members to ensure that the society is run efficiently. Securing the necessary balance is a far from easy task and is certainly not as simple as Mr Punt would like to pretend.

Richard Weir, 34 Park Street, W1.

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# FINANCIAL TIMES

Tuesday February 15 1983

**HIGGS AND HILL**  
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"A better way to build"

Jurek Martin in Tokyo reports on a trade controversy

## Japanese 'warned off' Soviet contracts

THE JAPANESE Foreign Ministry has taken the unusual step of unofficially "advising" a large delegation of Japanese businessmen, who are shortly to visit Moscow, not to rush into major new commercial contracts with the Soviet Union.

"The time is not favourable for this delegation," a senior ministry official said yesterday. He confirmed that the Foreign Ministry might well oppose the granting of any government credits to finance trade with the Soviet Union.

The Japanese Government's policy towards Moscow is that political and economic relations cannot be separated and must be seen "as a single whole." The Government is concerned that, by courting Japanese industry, Moscow is trying to drive a wedge into this policy at a time when political relations between the two countries are very poor. There are disputes over the Russian-occupied Kurile Islands

and the deployment of Soviet missiles in Japan's direction.

Mr Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, is leaving for the Soviet Union at the end of this month with a mission of up to 250 businessmen.

Mr Nagano has long been an advocate of expanded trade with the Soviet Union and he has asked for an audience with Mr Yuri Andropov, the Soviet leader. Even if this is not granted, the reception promises to be fulsome.

The Soviet position was succinctly put in a newspaper interview last weekend by Mr Viktor Spandarian, the official Soviet trade representative in Tokyo. He told the Asahi Shimbun newspaper that Japan should be "an unsinkable merchant ship" in its dealings with the Soviet Union. It was a rather witty reference to Prime Minister Yasuhiro Nakasone's controversial statement in Washington last month that Ja-

**TOKYO** - The Soviet Union has told Hitachi that it is interested in buying a colour television plant with an annual production capacity of 300,000 sets, the company has said.

Hitachi declined to disclose details. But the Japanese economic daily newspaper Nihon Keizai Shimbun reported that Hitachi would soon send a team to Moscow to negotiate a deal, worth about 15bn yen (\$83.4m).

Japan would be "an unsinkable aircraft carrier" against Soviet aggression.

Mr Spandarian held out for the Japanese the prospect of major contracts associated with the construction of the planned second Siberian railway. He also claimed that the 1986-90 Soviet five-year plan, including the development of Siberian

natural resources, was approaching a critical drafting stage.

He recommended that, if Japan expected to benefit, it should reconvene the Japan-Soviet economic committee, which last met in Moscow in 1979. He conceded that relations were "tense" at present, but argued that the best way to reduce friction was through enhanced trade - and the provision of flexible Japanese credit.

Japan has extended no official credits for Soviet trade since the invasion of Afghanistan in 1979. It is also party to the unofficial "gentlemen's agreement" within the Organisation of Economic Co-operation and Development (OECD) which governs the extension of credit to the Soviet Union.

However, since the U.S. embargo on the Siberian gas pipeline ended, and because of the decline last year in Japan's exports, Japanese commercial attention has turned to-

wards the Soviet Union, especially Siberia. Mr Nagano's mission has nearly doubled in size since it was first announced.

In spite of the cold official relations, Japanese exports to the Soviet Union were a rare bright spot in the overall picture in 1982. They rose by nearly 20 per cent to \$3.9bn compared with 1981. Imports, at \$1.7bn, were down 17 per cent, both figures on a customs clearance basis.

As it is, Japanese policy to enhance national security by diversifying supplies of energy and other raw materials, the Siberian and Sakhalin resources are particularly attractive. But the Government insists that, in any energy projects with the Soviet Union, the U.S. private sector should be invited to participate.

Japan is also seeking to strengthen political and commercial relations with China.

## THE LEX COLUMN

### Gilt-edged lining for Nottingham

Polly Peck had to diversify out of textiles before the shares took off. Nottingham Manufacturing has soared from a 70p low in 1980 to a peak of 340p without venturing from Mansfield. The run-up in the shares in recent months has even outperformed that of the discount houses, with which Nottingham is beginning to show more than a passing resemblance. The famous cash pile has risen 20 per cent to £32.8m, including leased assets, and whereas the company was sitting on a gilt-edged loss a year ago, this time book profits of £6m have been thrown up. From its manufacturing vantage point in an industry from which inflation has been abolished, Nottingham is holding on for the second leg of the gilt-edged bull market.

On the trading front, volume in 1982 has risen by about 10 per cent, although margins have been squeezed. So trading profits are up a modest 8 per cent. A larger rise in investment income has pushed up the pre-tax contribution by 12 per cent to £21.3m. In the current year, a slightly easier pricing environment should allow some improvement in margins, although there must come a point when the headlong growth in the market share of Marks and Spencer, the company's key customer, will slow. The shares shed 10p yesterday to 330p on the trading outcome. But the company's formidable cash generating powers show no signs of fading, while there is little evidence of Nottingham's becoming a hothead of easy spenders. The yield is 3.2 per cent.

Associated Engineering, on the other hand, is moving from a position of weakness to shout off the worst of its South African problems with the sale of the Motor Spares division. The divestment, at something less than book value, is accompanied by an agreement to buy out the minority interests in the rest of its South African operations. The whole deal will involve the injection of about £4.3m net - and it will not obtain the previous exchange discount on incoming investment.

AE should emerge in a position to break even on South African trading this year, after running up net losses of £2.7m to September 1982. And if the stock market is right, it should benefit from a much shallower depression in the South African economy than usual.

Industrial shares have been trading at record highs, reflecting the optimism generated by the rising gold price, while inventories are already coming under control and

counted financial rate now have the opportunity of liquidating their fixed assets and pulling out capital at the higher commercial rate. But the Government is gambling that this restored freedom for foreigners will instead create confidence - or that, with the economy in its present trough, it may not be too easy to retreat.

Of the two British companies announcing major South African reorganisations yesterday, Delta's seems to fall into the first category. The group will merge its electrical repair activities with L. H. Marthinsen, effectively taking control with 51 per cent, while reducing GEC's stake to 27 per cent after the capital enlargement. LHM's profits have fallen through the floor in the last year, but the new group is clearly aiming for broader coverage in a market which has little concern for monopolies.

But with the property market steaming ahead to new highs, investors began to cast around for a safe under-performing sector. An 18-month bear market had left the property sector standing at a discount of well over 40 per cent to net assets.

The sector's recovery has narrowed the discount to a third, which is still well above the typical level. But in view of the uncertainties still surrounding the direct property market, the sector's run may be over for the time being. In recent days, at any rate, profit-taking has emerged.

The over-hang of supply in the all-important South-East office market has switched the balance of power from landlord to tenant. In spite of all the landlords' efforts, clauses allowing tenants to "break" the contract and walk away after five years are increasingly evident. If "break" clauses catch on more generally, the whole structure of yields will have to be revised upward.

## Level of shipping inactivity at record

By Andrew Fisher, Shipping Correspondent

THE VOLUME of world shipping idle because of lack of trade in the recession went up again at the end of last year to nearly 64m deadweight tons, more than 12 per cent of the total fleet.

The General Council of British Shipping (GCBS) said this was a rise of 2.3m dwt over the end-November figure. It meant 1,549 ships were laid-up on December 31, most of the tonnage being tankers.

The high level of inactive shipping, reflecting the length and severity of the worst recession ship-owners can remember, compares with 27.4m dwt at the end of 1981 and only 9.2m dwt the year before that.

Since the turn of the year some freight rates have improved but the general level is still low. The GCBS's tramp charter index (1976=100) stood at 89 for January against 97 in December and 114 in January 1982.

This index measures single voyage rates for general cargo carriers and was at a peak of 275 in April 1980, when many owners were still optimistically ordering new ships.

The GCBS said 18 per cent of world tanker tonnage (60m dwt) and 7 per cent of the dry cargo fleet (nearly 24m dwt) was idle. December was the seventh successive month in which a record lay-up total was reported.

The UK fleet had 15 per cent of its tonnage idle, comprising 79 ships of 3.4m dwt against 72 of 4.6m dwt at the end of November. Of the December total more than 3.6m dwt was tankers.

Liberia, the flag of convenience country which has the world's biggest fleet, had 13 per cent of its tonnage idle, Greece 29 per cent, Panama (also a flag of convenience) 7 per cent, and Norway 28 per cent.

## MAJOR SHIFT IN SOVIET POLICY

### Moscow will open N-plants to inspectors

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

THE Soviet Union is willing to submit its nuclear power stations to inspection by foreign nuclear inspectors to prove they are not being used to produce fissile materials for nuclear weapons.

This represents a major shift in Soviet policy, which previously, has been that there was no point in a nuclear weapon state submitting to international nuclear safeguards. Now Moscow is also saying the international agency's safeguards system could be adapted for arms control.

The director-general of the International Atomic Energy Agency, Dr Hans Blix, believes the Soviet acceptance of international safeguards could have important consequences for international efforts to achieve arms control and a reduction of nuclear weapon stockpiles.

Dr Blix, in Britain for a Ditchley Foundation conference on nuclear proliferation, welcomed the Soviet announcement. Verification of arms

has proved a major stumbling block at the Geneva arms control talks.

"The Soviet Union has reversed its previously strongly held position, that inspection of civil nuclear facilities in a nuclear weapon state was of no value to the Non-Proliferation Treaty."

The reversal was heralded by Mr Gromyko, Soviet Foreign Minister, at the second special session of the UN General Assembly on Disarmament last July, when he offered to place part of the Soviet Union's peaceful nuclear installations under an IAEA safeguards agreement.

The changed attitude is underlined by International Affairs, the influential English-language Russian journal, which has carried an article on the monitoring of arms control agreements. This article cites the IAEA safeguards arms verification system.

It says "The positive significance of the IAEA safeguards system lies in the fact that it can in many ways

provide a prototype for organising control in other areas of limiting arms, especially nuclear arms."

Three other nuclear weapon states - Britain, France and the U.S. - have already accepted IAEA inspection of their civil reactors. But the U.S. will not accept Soviet inspectors.

Britain last year opened its plutonium fuel cycle for the Dounreay prototype fast reactor to IAEA inspectors, becoming the first country to permit access to this technology.

Dr Blix, on a recent visit to Moscow, delivered copies of the IAEA's agreements with Britain, the U.S. and France as models of a possible Soviet-IAEA agreement.

Talks will start between the IAEA and the Soviet Union late this spring to decide which Russian nuclear stations and research reactors will be open to international inspection.

clear fuel services to several Comecon partners and Finland but is on the return of all spent nuclear fuel for reprocessing.

The Moscow statement accepting safeguards has excited IAEA interest in Russia's readiness to discuss new situations, such as verification of a nuclear-free zone in the Middle East. Dr Blix gives this as an example "of the potential of the safeguards system in the context of arms control."

Dr Blix said the IAEA was still inspecting American nuclear reactors, even though there was an "empty American chair" because the U.S. withdrew last autumn from most IAEA meetings over the treatment of Israel by other IAEA member states.

He said the Russians had not attempted to make political capital out of the absence of the U.S. "It is clear that all member states hope the U.S. will return."

## Porsche surges ahead on higher U.S. sales

BY STEWART FLEMING IN FRANKFURT

A BOOM in export sales to the U.S. allowed Porsche, the West German sports car manufacturer, to more than triple its net profits last year. The company is anticipating a further sales surge in its current financial year.

Net income of the group, which is completely family-controlled, rose in the financial year to July 1982 from DM 10m (\$4.16m) to DM 37.6m. Sales revenue rose by 26 per cent to DM 1.49bn. Within this total car sales alone were up by 22 per cent to DM 1.29bn. In its current financial year, which is almost half-completed, the company is anticipating a further 40 per cent rise in sales revenues to DM 2bn plus, and an increase in the number of sports cars it sells to 44,000.

Last year was the company's best ever year, with the bulk of the increase in sales coming in the U.S., which increased its share of the company's revenues from 38 per

cent to 36 per cent. The domestic markets share of total revenue fell from 34 per cent to 32 per cent, and in other export markets the decline was from 38 per cent to 32 per cent.

The company benefited in the U.S. from the weakness of the D-Mark against the dollar which enabled it to invest heavily in promotion and marketing and at the same time brought currency translation gains.

Despite the surge in sales, the company is not planning to increase its production capacity, although capital spending, in part on research and development projects increased from DM 80m to DM 126m in its 1981-2 financial year, and a further increase to DM 140m is planned for the current financial year.

In the first five months of the current financial year sales rose to 16,900 units and sales revenues were DM 803m

## Tennessee bank closed after large loan losses

BY PAUL TAYLOR IN NEW YORK

U.S. FEDERAL Bank regulators closed United American Bank of Knoxville, Tennessee, yesterday after declaring the bank insolvent because of "large and unusual" loan losses.

The move followed a weekend of hectic negotiations designed to avert closure after the discovery by Federal Deposit Insurance Corporation (FDIC) auditors of substantial loan losses. These are understood to total between \$50m and \$70m, in addition to \$50m of loans classified as "doubtful".

The bank, which has assets of nearly \$780m and deposits of about \$590m, is Knoxville's largest bank and the flagship of five Tennessee and Kentucky banks controlled by Mr Jake Butcher, a local politician and entrepreneur who helped to arrange financing for the 1982 Knoxville World Fair.

Mr William Adams, Tennessee banking commissioner, closed the

bank yesterday morning after an examination of it with the FDIC and the Federal Reserve Board.

The Commissioner appointed the FDIC as receiver but the agency is understood to have received a merger proposal from another large, unnamed Tennessee bank which is under consideration. This could allow the bank to reopen as early as today.

United American is the latest of an increasing number of U.S. banks to fail during this recession. Last year, 42 banks failed, including Oklahoma City's Penn Square Bank, which had sold \$22bn in energy loan participations to other banks, including several of the large money centre banks. Its failure sent shockwaves through the U.S. financial system.

So far this year, four U.S. banks have failed and Mr William Isaac, FDIC chairman, has warned that bank failures might increase

## Dresser suffers loss

BY PAUL TAYLOR IN NEW YORK

DRESSER INDUSTRIES, the Dallas-based oil services group yesterday reported its first quarterly loss since 1948 and blamed the recession in the oil industry coupled with a loss on the construction business which the group bought from International Harvester at the start of November.

Dresser reported a net loss of \$7.4m, or 9 cents a share, in its first fiscal quarter ending January 31, compared with net earnings of \$76.9m, or 98 cents, in the 1982 quarter.

Sales and service revenues fell 27 per cent to \$834m from \$1.14bn.

Mr John James, chairman and chief executive, said the results were "in line with expectations considering the decline in U.S. oilfield activity and the worldwide economic recession." He also said that while losses were incurred in November and December, "a modest profit" was earned in January.

Mr James said the company "is beginning to benefit from the cost reduction measures instituted in 1982," but the near-term outlook "remains uncertain."

The company's sales and service revenues from its petroleum operations division fell by 37 per cent

## Nato attacks missile proposals

Continued from Page 1

maintaining and "codifying" a monopoly on intermediate missiles.

The Soviet focus on UK and French nuclear forces was aimed at reducing the U.S. nuclear presence in Europe, the SCG said. "By definition, UK and French forces, which are national strategic deterrents, do not and can not provide the linkage

between Europe and the U.S. strategic deterrent. The SCG agreed that only U.S. systems in Europe can fulfil this role and deter the threat posed by the Soviet nuclear build-up."

The Soviet insistence on maintaining nuclear forces which were as large as all others in the world

combined was "an effort to codify nuclear superiority over the U.S. and to achieve Soviet hegemony in Europe."

The group reaffirmed that Nato's aim was an early agreement which provided for "significant reductions, U.S.-Soviet equality and verifiability."

## BSC moves to regain market share

Continued from Page 1

"We can squeal, and we have," said Mr Ron Cash, BSC secretary. Customer loyalty to BSC had been eroded by last year's price increase, but "now they're seeking to win them back and making more enemies in the process."

The secrecy that generally surrounds list price rebating can seriously affect market sentiment if taken to the extremes of which stockists accuse BSC over welded tubes. Stockists say they can never be sure they are being offered steel at the same price as competitors.

The tube market is particularly susceptible to discounting as prices are not EEC-controlled. Many stockholders and the Nass argue that BSC should have cut prices sooner, or in smaller lots.

BSC's problem is how to increase production at its main tube location, Corby. The Tubes Division is thought to be operating at only marginally more than the average

European capacity utilisation of 55 per cent.

UK market share is now reckoned to be only 55 per cent.

While the Tubes Division, which had a turnover of more than £800m (\$929m) in the last financial year, is still in the black, it is certainly losing money on welded tubes.

Its money-spinner, seamless tubes, has been working off an order backlog for most of this year. The seamless tube market collapsed last spring when the U.S. oil industry virtually stopped new exploration.

BSC executives warn that the Tubes Division could now face major losses without a significant recovery in the welded tube (gas list) and hollow sections market.

The increase in strip product prices has been welcomed by stockists and could, ironically, work its way through to BSC's tube prices in a few months.

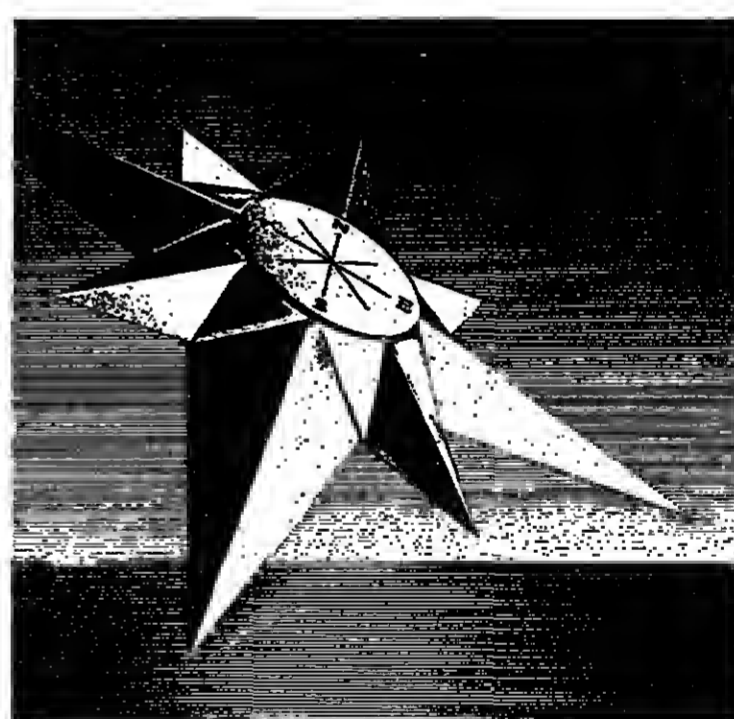
This move is being criticised from another flank, steel users, and it could damage the position of Britain's private sector tube makers, who believe the rise in the price of strip, the raw material for tubes, is aimed at cutting their competitiveness.

BSC's strip prices, being introduced on April 3, are still cheaper than those quoted on the Continent.

The new EEC guidance price, issued in January, is £272 per tonne, assuming a European currency unit rate of 0.81 to the pound - an average over September, October and November last year. Since then sterling has fallen further.

BSC is adding £23 to its cold reduced coil price, making £285 per tonne. West German prices are around £277 per tonne, Belgian £274, Dutch £278 and Italian £292. However, rebates in continental Europe tend to be greater.

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# SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Tuesday February 15 1983

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## Coca-Cola earnings up 14% in quarter

By Paul Taylor in New York

COCA-COLA, the world's largest soft drink manufacturer, yesterday reported higher fourth-quarter and full-year earnings bolstered by a further increase in worldwide soft drink consumption. As a result the board will be asked to increase the quarterly dividend of 62 cents a share at its next meeting.

Net income from continuing operations increased by 14.2 per cent in the fourth quarter to \$121.3m, or 89 cents a share, compared with \$106.2m, or 86 cents, in the 1981 fourth quarter. Net revenues increased 17.9 per cent to \$1.66bn from \$1.41bn.

Coca-Cola reported a 14.8 per cent increase in income from continuing operations for the full year from \$447.1m, or \$3.62 a share, to \$512.2m, or \$3.95, on net revenues which increased 8.1 per cent to \$6.25bn from \$5.89bn.

Net income in 1982 was the same as fourth-quarter and full-year income from continuing operations. In 1981, an income of \$55.6m from discontinued operations and a \$29.1m capital gain on the sale of Aqua-Chem lifted full-year net to \$481.8m, or \$3.90 a share.

The company said worldwide soft drink sales increased 7 per cent in the fourth quarter and 4 per cent in the year. This exceeded the industry rate in both the U.S. and overseas markets.

Mr Roberto Goizueta, chairman and chief executive, said: "The company's excellent performance in 1982 is no target with our long-range goals and provides the foundation and momentum for continued significant earnings growth in the future."

He said the improvement in earnings reflected the company policy of concentrating on the fastest-growing areas of business and careful control of prices and costs.

"Virtually all our soft drink operations worldwide achieved increases in unit volume, market share and earnings. In addition, our non-soft drink operations achieved excellent earnings increases for the year."

In 1982 the company's combined U.S. operations accounted for 57 per cent of total net revenues and 40 per cent of operating income. Net revenues for U.S. operations increased 10.8 per cent and operating income increased 24 per cent.

## High-tech fund launched in Ireland

By Brendan Keenan in Dublin

THE FIRST fully listed company to come on the Dublin Stock Exchange for 10 years was launched yesterday. Insistech Capital Fund is intended to give Irish shareholders the opportunity to invest in high technology U.S. companies.

Irish institutions have invested \$2m (\$2.7m) in the fund, and the promoters hope to attract a further £1m from the public. The funds will be invested in selected companies in areas such as electronics, robotics, and capital engineering, with a view to capital growth rather than income.

One attraction of the fund is that it offers a way round tight Irish exchange controls, which forbid investment by individuals overseas. Insistech, although registered in Ireland, is resident in the Cayman Islands, which also means that capital gains will be tax-free.

Several companies have come on to the unlisted securities market of the Dublin Stock Exchange, but the last company to acquire a full listing was the Jones Group a decade ago.

Insistech chose a full listing because the rules for investment funds are identical, whether the fund is listed or unlisted.

## Dyno earnings start to rise

By Fey Gjester in Oslo

DYNO INDUSTRIER, the Norwegian group producing chemicals, plastics and explosives, increased profits and sales last year compared with 1981, and expects the improvement to continue through 1983.

This reverses the trend of a year earlier, when profits were almost halved, despite a rise in sales. Dividend is being maintained at 12 per cent.

Group profits in 1982, before end-year allocations and taxes, reached Nkr 31m (\$7.2m), compared with Nkr 30m as sales rose by Nkr 171m to Nkr 2.15bn. Extraordinary items (included in the above figures) added Nkr 11m to last year's results, while in 1981 they were a negative Nkr 9m.

A link between two giant motor groups is imminent, Richard Lambert in New York and Jurek Martin in Tokyo report

## GM's Japanese deal worries U.S. car-makers

WHEN NEWS leaked out about a year ago that General Motors and Toyota were working on a joint venture agreement to build a small Japanese-designed car in the U.S., the reaction in Detroit was cynical. Ford executives were especially dubious about the project: they had themselves been involved in lengthy talks with Toyota which came to nothing.

As 1982 wore on, and several rumours of an imminent announcement proved to be unfounded, it seemed that cynics were going to be right. This was just another public relations exercise by a big Japanese company, aimed at building a growing sense of protectionism in the U.S.

But in the last few weeks, this attitude has changed. As it seemed increasingly likely that the two giant companies were fi-

nally drawing close to a deal, Ford and Chrysler have been showing signs of alarm. Both are reported to be considering anti-trust action against the venture, which could pose a serious threat to their already vulnerable position at the bottom end of the market.

A Toyota deal with GM always looked more likely than one with Ford. GM has for some time been considering a replacement for its ageing and loss-making Chevrolet, but decided some time ago that it could not build the "S" car (its new entry in the European small car stakes) in the U.S. at a profit. Whereas Ford has committed substantial investments to its subcompact and compact ranges, GM has already been tying up arrangements with Isuzu and Suzuki of Japan to import small cars under its own badge.

But the Toyota deal is much more ambitious. GM will contribute the facility - an assembly plant in Fremont, California, which is now closed, plus a rela-

the product will be Japanese-designed and powered and will have front-wheel drive. It will go into production at the end of 1984 and be marketed exclusively

would create another 9,000 jobs across the U.S.

One key question, which is believed to have taken up a great deal of negotiating time, concerned who will have ultimate operating responsibility at the plant. Yesterday it was confirmed that the chief executive would be a Toyota man.

The symbolic importance of the arrangement can hardly be over-emphasised. It represents a clear admission by the world's largest car maker that it cannot, with present technology, beat the Japanese at building small cars. Last year, almost half the small cars sold in the U.S. were Japanese-made, even though the latest U.S. factories are ahead of Japan in automation.

tively modest amount of cash. It is thought that the total investment could be about \$300m with Toyota likely to put up about half that.

A new stamping plant will be built next to the existing assembly lines. GM has already disclosed that

through Chevrolet dealers under GM badge.

The plant will produce about 200,000 vehicles a year and employ some 3,000 workers - which is why the idea has been welcomed in principle by the United Auto Workers union. In addition, GM has suggested that the plant

up around Detroit are ahead of Japan in terms of automation.

But the combination of better work practices and management planning with significantly lower wages gives the Japanese enormous cost advantages - which are most noticeable in the cheaper price brackets.

Mr Roger Smith, the chairman of GM, has described his company's links with Japan as "strategic arrangements" whereby GM can keep a presence in a key sector of the market while its engineers work on new - and more efficient - methods of assembling small cars. But the Japanese companies are not sitting on their hands, either, and it is highly questionable whether the U.S. motor manufacturers will ever be able to claw their way back into a sector of the market which they chose to ignore for so long.

## Toyota chooses California on road towards 'global 10' goal

TOYOTA has the reputation of producing more good cars more efficiently and economically than any other car company in the world. It is a reputation underlined by a formidable profits record.

Even in its last financial year, ending June 30, 1982, when the international recession and protectionism had begun to show effects and when its overall vehicle sales slipped by 2.4 per cent to 3.15m units, it still managed to lift its operating profits to a record ¥306bn (\$1.3bn) at current rates of exchange and its after-tax income by 8.7 per cent to ¥141bn, also a record.

It did so primarily on the strength of its Japanese operation, the 10 plants strung out between Tokyo and Osaka, nine of them in the same prefecture and all cheek-by-jowl with their suppliers. It got a little help from the frailty of its international, though not domestic, competitors and from an undervalued yen, but the reasons for its success lie in Toyota's fundamentals.

Yet twice in the last two months

the company has announced major external ventures. The first, clinched in December, was its 45 per cent participation with local interests in the \$500m-plus investment to produce cars in Taiwan.

The second, which may require less initial capital but which carries far greater symbolic significance, is the partnership with General Motors.

Toyota sold 1.68m units abroad in its last fiscal year but 27 assorted production facilities in 19 countries, with an enviable distribution network.

But its total foreign investment was, before last December, less than half the more than \$3bn of Nissan, which Toyota outsells in foreign markets by more than 250,000 vehicles a year, and Honda, whose sales outside Japan are little more than a third of Toyota's.

Toyota, a conservative company, has never really explained why it has taken two leaps into the foreign market. A partial explanation was offered last year by Mr Shoichiro Toyota, the president, when he

commented: "We must not engage in deluge-like exports; we must not be disliked." He spoke, in the GM context, of the need for "competition and co-operation".

He was clearly alluding to the forces of protectionism and to the need for foreign production bases in major markets as a method of circumvention. Yet, two years ago, Mr Toyota, grandson of the founder and now himself a driving force in the company, would not have been associated with such sentiments.

As recently as last summer, Toyota was two companies, Toyota Motor Corporation (TMC), the production arm located in the provinces, the bastion of conservatism and Toyota Motor Sales, the internationally-minded marketing affiliate 45 per cent by TMC.

When Mr Shoichiro Toyota, a production man to his bone marrow, took over Toyota Motor Sales in 1981 in a mini-purge, it was widely assumed to be a victory for tradition. When the two companies finally merged last summer and he be-

came president, his initial public comments hardly presaged a radical departure.

But Mr Toyota did inherit one fundamental company goal - the "global ten" strategy, designed to lift Toyota to 10 per cent of the world car market (it has about 8 per cent today). He also was very familiar with the company's first attempt at a major international connection, the 13 months of negotiations with Ford in 1980 and 1981, which ultimately fell apart.

The reasons are believed to have included failure to agree on models and Toyota's fear of the Arab boycott then affecting Ford.

Mr Toyota must also have been aware that, in Japan at least, Toyota was getting a bit of a stodgy image. Its flagship car, the Corolla, found itself falling into second place in the domestic market behind the Mazda Familia (the 323 in Europe and the GLC in the U.S.). Its domestic market share was slipping just a fraction to the 38 per cent range

from its more accustomed 40 per cent; though Nissan was only catching up a little, to 28-29 per cent. The smaller cars, were, however, making more of a splash.

Toyota was not perceived as a domestic pioneer in areas such as turbochargers, in front-wheel-drive vehicles, or in the popular one-litre mini-cars (in this case partly because its subsidiary, Daihatsu, was in the small-car vanguard).

At the same time, U.S. car companies were assiduously looking for and getting Japanese connections - GM itself with both Isuzu and Suzuki, for example, Chrysler and Mitsubishi, Ford and Toyo Kogyo (Mazda). Perhaps Toyota was missing out.

Moreover, the protectionists, especially in the U.S. were getting noisier. Japan is now nearing the end of its second year of voluntary restraint of car exports to the U.S. and last weekend committed itself in principle to a third year at 1.68m vehicles a year.

The notorious local content bill passed the House of Representatives last year, died in the Senate, but has already been revived. GM had a glaring gap in its model line that Toyota knew it could fill with the front-wheel-drive version of the Corolla.

Toyota has not spoken publicly of the negotiations with GM, first broached by the Japanese company last spring. It can be assumed that Toyota was no pushover. It wanted and got, California as a production site, not idle GM facilities at Lordsburg, Ohio, as GM is believed to have first offered.

It certainly drove down GM's initial valuation of its plant and equipment. It must also be confident that it could reconstruct some approximation of Toyota City in Fremont.

But it must still wonder, for all the chronic optimism that afflicts car companies everywhere, whether the U.S. economy will provide the market that makes Toyota's investment worthwhile.

## Olivetti recovery continues in year

By James Buxton in Rome

OLIVETTI, the parent company of the Olivetti data processing and office equipment group, said yesterday it had achieved record profits in 1982. Sales figures, however, indicated that the company grew less quickly last year than in the previous three years.

The company did not produce figures for gross or net profits but said that on a provisional basis cash flow had reached about 1,250bn (\$180m), a 215 per cent increase on 1,207.4bn in 1981 the company said. Turnover was up 13.7 per cent at 1,154.8bn. This was slightly less than the Italian inflation rate of 17 per cent for the year. In 1981, turnover rose by 23.5 per cent.

Olivetti said it had used the maximum possible depreciation in reaching the figures, and that capital expenditure for equipment and trade reached 1,044bn, up 25 per cent, while a record 1,114bn was spent on research and development. Olivetti said this would enable it to complete its new line of data processing systems and expand its "widely successful" personal computer and electronic typewriter product lines.

The Olivetti group recorded consolidated sales of 1,344.0bn, up 15.7 per cent on 1981, or 10.8 per cent excluding exchange rate variations. This compares with a growth of 34.5 per cent in 1981, partly because of new acquisitions. Group profits are expected to be "significant".

Debits for the Group rose slightly in 1982, from 1,898bn to about 1,951bn. The parent company cut its employment by 561 to 17,886 at the end of 1982, and group employment fell by 3,708 to 49,763.

Sig Ciro De Benedetti, Olivetti's chief executive who has been responsible for the profit recovery since 1976, said last June he did not expect Olivetti to make profits as high in 1982 as in 1981. The market for investment goods was suffering from world recession.

## London's fraud squad looks into Gallic Credit

By Andrew Fisher in London

THE LONDON CITY fraud squad is investigating how Gallic Credit International, a London trade financing company, went into liquidation leaving banks with unpaid bills of exchange - totalling over £8m (\$12.36m) from West German importers.

The fraud squad, which last week confirmed its inquiries, was asked to investigate by Mr David Gault, head of the privately owned Gallic Shipping, which owned the majority stake in the credit company.

Gallic Shipping itself has met its formal liabilities of a few hundred thousand pounds over the failure of Gallic Credit. But 25 UK and foreign banks were involved in financing the credits of £8-£9m.

The money was mostly lent to two West German importing companies, near Frankfurt and Düsseldorf. Gallic Credit was profitable from its formation in 1978.

Mr Gault, also on the boards of UK shipbrokers Eggar Forrester and Jensens UK, the British end of

the major Norwegian shipping concern, was non-executive chairman of Gallic Credit.

The business, which also involved insurance cover from the Export Credits Guarantee Department (ECGD), financed trade on a short-term basis up to 180 days between countries outside the UK.

But the parent company apparently became concerned about the concentration of funds lent to the German importers.

After the audit for the year to end-March, 1982, which was finished in July, doubts began to build up again last October when some banks became worried about the German end of the transactions.

ECGD cover was withdrawn on one of the importers a year ago. Gallic Shipping itself is thought to have been unaware of this, though the banks had been told. The compulsory winding up petition came in November and Gallic Credit went into liquidation two weeks ago.

## Asseng to buy SA unit

By Jim Jones in Johannesburg

ASSENG is also to sell its 4.27m ordinary shares at 12.5 cents in Asseng (SA) to Mr Peter Rhodes, a local businessman, for R299,000 (equivalent to 7 cents a share). AE Motor Spares will remain the sole asset of Asseng (SA) and Mr Rhodes will take over the management of this operation which ran at a loss in the year ended September 30, 1982. Asseng (SA) will retain its Johannesburg stock exchange listing but is to change its name to Nabonwe Motor Spares.

In the 1982 financial year, Asseng (SA) made an operating loss before tax of R8.7m against a pre-tax profit of R8.2m in the year which ended September 30, 1981. Turnover fell to R83m from R119m.

The directors say that the losses took place in two divisions and were masked during the year by a breakdown in administrative financial control. This led the auditors to qualify the 1982 annual report.

## Ten Cate sees setback

By Walter Ellis in Amsterdam

NILVERDAL-TEN CATE, the Dutch textile group, expects its operating result for 1982 to be lower than last year, when it made net profits of Fl 5.3m (\$2m) on sales of Fl 448m.

Ten Cate carried out a major restructuring programme in 1980, cutting unprofitable activities and reducing its level sold, an insurance claim was made against fire, and

the resulting revenue turned out higher than the book value of the assets. Accordingly, the net result at Ten Cate could be better than had been forecast.

The board has yet to decide whether to add to the company's reserves or to raise shareholders' dividends. A decision will be taken in April.

## CSFB lifts earnings to SwFr 92m

By Peter Montagnon in London

FINANCIERE CREDIT SUISSE First Boston has announced a 75 per cent increase in group net profits for 1982, bringing them to a record SwFr 92.15m (\$48m).

The group includes the London merchant bank Credit Suisse First Boston as well as the trading firms White Weld Securities and Valeurs White Weld, Clariden Bank of Zurich and CSFB Investment Management of London.

Total assets at the end of 1982 were SwFr 1.79bn. Shareholders funds rose to SwFr 225m from SwFr 232m in 1981.

The group managed or co-managed Eurobonds for a total value of \$28.9bn last year compared with \$10.7bn in 1981. Secondary market turnover in Eurobonds more than doubled to \$852.3bn from \$410.7bn. CSFB arranged 27 syndicated Eurocredits last year totalling \$2.3bn in value.

The largest contribution to group earnings last year came from capital raising operations, which contributed SwFr 55.9m to gross revenues, and trading of securities and precious metals, which contributed SwFr 83.9m.

## PLM boosts dividend

By David Brown in Stockholm

PLM, the Swedish metal can, packaging and waste recovery group, increased earnings during 1982 from SKr 35.2m to SKr 67.3m (\$9.12m) in preliminary year-end results. Company officials said earnings were especially strong in the final four months.

Group sales climbed 23 per cent to SKr 2.9bn, and all divisions reported better earnings. More than half the sales were abroad. The pre-tax profit was posted despite exchange losses of SKr 29m, which had been boosted by the Swedish devaluation, officials said.

The rate of return on total capital employed rose from 7.1 per cent to 10.1 per cent. The board recommended a dividend of SKr 6.75 per share, up from SKr 7.75 in 1981.

Operating profit for PLM PAC, the consumer packaging unit, rose SKr 24m to SKr 56m. A new aluminium plant, in which there was heavy investment, came on line during the year. Both the Danish and European packaging operations significantly boosted earnings.

Company officials say extraordinary restructuring has held back profits, and that they are optimistic about prospects for 1983.

This announcement appears as a matter of record only.

**SEK**

## Aktiebolaget Svensk Exportkredit

(Swedish Export Credit Corporation)

Canadian \$50,000,000

12 1/4% Bonds due February 15, 1988

Issue Price: 100%

Enskilda Securities  
Skandinaviska Enskilda Limited

Wood Gundy Limited

Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V.

CIBC Limited

Kreditbank International Group

Morgan Stanley International

Post-och Kreditbanken, PKbanken

Svenska Handelsbanken Group

Banque Bruxelles Lambert S.A.

Credit Suisse First Boston Limited

Merrill Lynch International & Co.

Orion Royal Bank Limited

Société Générale

Westdeutsche Landesbank Girozentrale

Amro International	Banca del Gottardo	Bank Gutzwiller, Kurz, Bungenier (Overseas)	Bank Leu International Ltd.
Bank Mees & Hope NV	Bankhaus Hermann Lampe	Banque Générale du Luxembourg S.A.	Banque Indosuez
Bank Internationale à Luxembourg S.A.	Banque de Neufville, Schlumberger, Mallet	Banque Paribas	
Banque Worms	Barclays Bank Group	Baring Brothers & Co.	Bayerische Hypothek- und Wechsel-Bank
Bayerische Landesbank Girozentrale		Bayerische Vereinsbank	Berliner Bank
Berliner Handels- und Frankfurter Bank	Breitsach Pirschel Schoeller	Chase Manhattan Capital Markets Group	
Citicorp International Group	Commerzbank	Continental Illinois	County Bank
Credit Commercial de France	Credit Générale S.A. de Banque	Credit Industriel et Commercial	Credit Lyonnais
Creditanstalt-Bankverein	Daiwa Europe	Deutsche Bank	Domination Securities Ames
Dresdner Bank	Eurobank	First Chicago	Genossenschaftliche Zentralbank A.G.
Girozentrale und Bank der Österreichischen Sparkassen		Goldman Sachs International Corp.	Gotabanken
Hambros Bank	Handelsbank N.V. (Overseas)	Hessische Landesbank	Hill Samuel & Co.
Kidder, Peabody International	Kleinwort, Benson	Lehman Brothers Kuhn Loeb	Lloyds Bank International
LTCB International	McLeod Young Weir International	Mirck, Finck & Co.	Mitsubishi Bank (Europe) S.A.
Samuel Montagu & Co.	Morgan Grenfell & Co.	Morgan Guaranty Ltd	Nederlandse Credietbank N.V.
Nesbitt, Thomson	The Nikko Securities Co. (Europe)	Nomura International	Norddeutsche Landesbank
Nordic Bank PLC	Sal. Oppenheim jr. & Cie.	Österreichische Länderbank A.G.	Pierson, Holding & Pierson N.V.
Rea Brothers Plc	Renouf International (N.Z.)	Richardson Greenshields of Canada (U.K.)	
Salomon Brothers International		Santow Bank (Underwriters)	Scandinavian Bank
Schoeller & Co.	J. Henry Schroder Wagg & Co.		Société Générale de Banque S.A.
Société Séguraise de Banque	Sparbankernas Bank	Standard & Chartered Merchant Bank	Strauss, Turnbull & Co.
Sundsvallskanen	Union Bank of Switzerland (Securities)		Vereins- und Wesibank
J. Vontobel & Co.	S.G. Warburg & Co. Ltd.		Wolfsbank

February 1983

## INTERNATIONAL COMPANIES and FINANCE

Our Johannesburg correspondent reports on a South African construction group's efforts to fight a downturn in the sector

## Diversification strategy at LTA

AT THE interim stage of the current financial year, LTA, which is South Africa's second largest construction and civil engineering group, announced record first-half profits but warned shareholders that a profit decline was likely in the second half to March 31, 1983. The economic downturn was having its effect on the construction industry, margins were under pressure and LTA group companies engaged in short-term operations were finding it difficult to obtain replacement work.

Mr Zac De Beer, the chairman of LTA, pointed out that in evaluating construction companies, comparison of year-on-year figures has to be done with care. The period of some contracts can result in poor margins being carried forward for two or three years until completion and this could well take place at a time when contracts can be made with better margins. Conversely, high margin contracts can support earnings when trading conditions are deteriorating.

On a longer view, in the 10 years from 1972, LTA's earnings per share rose at an annual compound rate of 26 per cent from 10 cents to 101 cents in the 12 months ended March 31, 1982. At the same time the group expanded and now has 30,000 employees and 92 operating companies.

Diversification into completely unrelated fields is not an option open to LTA as a means of lessening cyclical influences on performance. The company, which is a 35 per cent-owned associate of Anglo American Industrial Corporation, which in turn is the industrial holding arm of the Anglo American group, is itself a diversification of its well-known parent. As such it does not have a mandate to diversify into fields in which it might

compete with other group companies.

In this constraint on its freedom to diversify, LTA differs from the country's other construction and civil engineering majors which have moved into such unrelated fields as food and electronics. Nonetheless, LTA's management is aware that the group needs a broad spread of interests.

## Broadening interests

During the past ten years its strategy has been to broaden interests within what can loosely be described as the civil engineering sector through acquisition, association with other companies having specific skills, and through organic growth. It is a strategy which has lessened some of the more violent swings experienced in the past.

The civil engineering sector generally lags behind the South African economy by 12 months or so. While at the end of the last financial year, March 31, 1982, LTA's order book of R855m (US\$522m) was R150m higher than a year before, by the end of last June it had slipped to R760m. By September 30 it was down to R745m.

Mr Michael Ridley, LTA's managing director, attributes the decline in orders to lower spending by the public sector which provides some 70 per cent of total civil engineering work. Road construction, in particular, has fallen though LTA is still engaged on two large contracts in Johannesburg and Durban. While public sector infrastructure spending has slowed down, the same has been generally true of the other major sector on which the industry relies, mining.

Last year's gold price decline led to the shelving of several major capital projects by the gold mines. Though some of

these have been restarted the same is not true of the country's base mineral mines which continue to suffer from slack demand for raw materials in the industrialised world.

Diversification has not, however, been without its difficulties. LTA tendered successfully for work on the electrification programme in the black residential area of Soweto outside Johannesburg two years ago and almost immediately ran into difficulties. Losses were recorded and protracted negotiations took place with the relevant authorities in an effort to recover amounts the company believes are due to it.

The Soweto contract is, however, one of the few unattractive aspects of the company's diversification from the more conventional civil engineering fields. In the year to March 1982 LTA earned pre-tax profits of R15.3m against R16.7m in the preceding 12 months. In the 1981-82 period, however, just over R11.4m of this came from building, civil engineering, road and earthworks, and open-cast mining. The remaining R6.9m was derived from industrial building, electrical engineering, industrial painting, and other activities not generally associated with the civil and construction engineering sectors.

In the 1980-81 financial year the more conventional activities provided R11.5m in pre-tax profits and the rest R5.2m. Though this might give the appearance that the diversification ventures have been providing the company with its main profit growth centres, appearances could be misleading.

In 1981-82 LTA was stretched to the utmost. Inefficiencies crept in as bottlenecks, particularly shortages of skilled staff and workers, developed. These are major problems facing not only LTA but most other major

industrial companies in South Africa. Unskilled labour is readily available at all times but skilled labour has to be retained at almost any cost during recessionary periods so that it will be available when business recovers.

Partly as a means of overcoming this very real problem Mr Ridley has proposed that the state should do what it can to provide the construction and civil engineering industry with counter-cyclical work. He suggests that the state should institute a five-year plan of infrastructural projects which would not be cancelled but whose completion dates would vary with economic conditions. The idea has not been welcomed by the managements of competing companies who point out that it could lead to the country being littered with uncompleted projects as companies opt for one state-financed project to work on another, more profitable one elsewhere.

## Acquisition programme

The Government has shown no sign of enthusiasm for Mr Ridley's suggestion and LTA itself is not counting on any change in official policy. It is, however, maintaining a high level of activity in broadening its base. Additional shares, for example, were acquired in 1981 in Bakh and Portland in the UK, while in South Africa, apart from an active programme of acquisitions of smaller contracting companies, there was a merger of the chemicals, minerals, petroleum and engineering project management operations of LTA with those of the American Jacobs Engineering Group in South Africa. Another link-up has been with the German firm Karmena, which specialises in the erection of industrial chimneys.

## Australia extends foreign bank application deadline

THE AUSTRALIAN Government has extended the deadline for foreign banks seeking licences to June 30, according to Mr John Howard, the Federal Treasurer.

Detailed guidelines for the applications, which were expected to be released more than a week ago, will now be issued until after the federal elections on March 5, reports AP-DJ from Canberra.

The Treasurer announced early in January that the government would for the first time in more than 40 years allow "about 10" foreign banks to operate on an equal basis with the domestic trading banks in Australia.

An early election called by

Mr Malcolm Fraser, the Prime Minister, has, however, placed the whole issue in doubt. The opposition Labor Party, which currently holds a solid lead in the opinion polls, has come out strongly against foreign bank entry into the country.

Labor Party officials claim that foreign banks, even if they are required to be partly owned by local investors, would force up interest rates for some borrowers, small businesses, and farmers.

Labor Party officials say that although they have strong objections to foreign banks operating in Australia, the party has not decided whether or not it would stop the application

process if it gains power in the elections. Such a decision would depend on "how far along" the process was and whether it would be in the country's best interest to bring it to a halt, they say.

Before the election announcement, Labor Party legislators seemed set to vote to block any legislation necessary for allowing the entry of foreign banks.

The Federal Treasurer had earlier set May 31 as the deadline for foreign banks to lodge applications for licences, and said that it would not be necessary for the Government to introduce any legislative changes to let the banks operate here.

## TNT buys Skypak courier business

By Hazel Duffy, Transport Correspondent  
THOMAS Nationwide Transport (TNT), the Australian-based transportation group, is expanding in the fast growing international courier business with the purchase of Skypak from Ipec Holdings, another Australian-registered transport and hotels group. The companies are not putting a figure on the deal but it is known to run to several millions of dollars.

Skypak, which operates as Ipec Courier in the U.S. and Skypak International in other parts of the world, claims to be the second largest international courier after the market leader DHL International.

The Skypak interests will be merged with the TNT courier organisation to form TNT-Skypak. The operations of the two companies in the courier business are largely complementary. Skypak is well established in the Middle and Far East and also has offices in Europe, the U.S., Australasia, and South Africa. TNT has offices in several parts of the U.S. where Skypak is not represented, and is also strong in Canada.

Courier services operating out of the U.K. have grown substantially since the Government permitted private companies to carry mail-sensitive material in competition with the Post Office. The measure was part of the liberalisation of postal measures introduced under the 1981 British Telecommunications Act. The rates charged by courier companies have declined dramatically over the past couple of years as competition and the amount of business has increased. Skypak, for instance, is quoted as being a £100,000 a year, overnight delivery of a 1 kilo package from London to New York. The total international business is estimated to be worth about \$10n annually. Skypak was set up in the late 1970s by Mr Gordon Ertan, chairman of Ipec Holdings, who will be joining TNT-Skypak as a director. Mr Ertan is forecasting that the new group will succeed in increasing its market share, while maintaining that there is substantial natural growth in the market.

## Alcoa Australia signs gas deal

ALCOA AUSTRALIA has signed a contract worth between A\$40n (US\$380m) and A\$50n with the West Australian State Energy Commission (SEC) for natural gas from the Northwest Shelf, according to Mr Peter Jones, the state's Minister for Resources Development. Renter reports from Perth.

The 20-year contract was signed last week. Alcoa is committed to half the capacity of a pipeline linking Dampier, where the gas will come ashore, to Wagerup, near Perth, said the Minister.

Mr Jones said that Alcoa has also committed itself to meeting half the principal and interest repayments on loans raised by the SEC for the pipeline.

The SEC is currently seeking a A\$1.2bn credit to finance building the 1,500 km pipeline. Work began recently and is scheduled to be completed in mid-1984.

The Alcoa contract and the consequent cash flow is central to raising the loan. Alcoa's money will more than offset the SEC's payments to the Northwest Shelf joint venture members, who are led by Woodside Petroleum.

Woodside holds 50 per cent of the venture off the West Australian coast, with BP Petroleum Development Australia and California Asiatic Oil holding 10 per cent each. Hematite Petroleum, a unit of Broken Hill Proprietary, and Shell Development (Australia) each holds 8 per cent.

Cas volumes in the early years of the contract will need to be rescheduled because of possible delays in commissioning a refinery at Wagerup but this will not affect the full contract volume, said Mr Jones.

## Turnround into profit for ADIC

BY OUR ABU DHABI CORRESPONDENT

Abu Dhabi Investment Company (ADIC) is expected to report a marked improvement in its 1982 performance when compared with 1981's Dh 71.7m (\$19.5m) loss. The company's annual report is expected to show net operating profits of Dh 12.9m for last year.

ADIC has been called, perhaps not totally accurately, the local investment arm of the Abu Dhabi Investment Authority (ADIA), the important institution which handles the country's surplus funds, and which has a 60 per cent shareholding in ADIC.

The advantages of the company's connection with ADIA were demonstrated in July 1982, when ADIA granted it a loan of \$100m on favourable terms, in the wake of some serious troubles in 1981. ADIC's management was then completely replaced and Price Waterhouse was taken on as auditors.

Financial clout, combined with the quality of the present management team, makes ADIC an attractive prospect as a partner in the international syndicated loans market. Although ADIC favours loans to international, sovereign risk borrowers, the annual report notes a shift in emphasis to the

local market, in order to minimise risks.

During 1982 the company's investment policy has been conservative, and its Projects Review Committee has stringent criteria for the scrutiny of new business. It is company policy "to actively participate in the process of national development." One of the concrete forms which this policy has taken is in substantial loans to locally-owned drilling contractors. During 1982, ADIC provided loans totalling about \$2.5m to this sector. A further \$2.5m loan is at present being negotiated for another such company.

## Carrian rumours prompt Rama Tower suspension

BY JONATHAN SHARP IN BANGKOK

RAMA TOWER, a Thai hotel company, is feeling the chill caused by the financial problems of Hong Kong's Carrian group.

The local stock market, the Securities Exchange of Thailand, took the unusual step of suspending trading in Rama Tower shares last week partly because of rumours that Carrian Investment had failed to pay HK\$30m (US\$4.3m) for shares in the Thai company bought last December.

An additional cause for uncertainty was a rumour that major shareholders in Rama Tower were seeking to sell their

stock, so raising doubts about the company's financial standing.

Rama Tower shares have lost at least 10 per cent of their value, and now stand at \$4 Bant (\$150).

Assurances that Carrian Investment had promised to repay the debt from sales of assets held by it in Britain and the U.S. have not quelled the uncertainty and Rama Tower shares have fluctuated wildly.

The Securities Exchange, acting to protect the interests of worried investors, said it will seek more information on the various reports and rumours before lifting the suspension.

## Esso Thailand to expand

BY OUR BANGKOK CORRESPONDENT

ESSO STANDARD THAILAND, a wholly-owned subsidiary of Exxon of the U.S., signed an agreement with the Thai Government yesterday to expand a refinery it runs south east of Bangkok, from its present capacity of 46,000 barrels per day to 63,000 b/d.

The project is expected to cost 1.3bn Bant (\$55m) and take over two years to complete. Exxon will be inviting bids for the construction work, which will include storage tanks, petro blending facilities, heat exchangers and distillation towers.

## BASE LENDING RATES

A.B.N. Bank	11 1/2	Gulf Gtee Trust Ltd	12 1/2
Allied Irish Bank	11 1/2	Hambros Bank	11 1/2
Amro Bank	11 1/2	Hargrave Secs. Ltd.	11 1/2
Bank of America	11 1/2	Heritable & Geo. Trust	11 1/2
Bank of Australia	11 1/2	Heritable & Geo. Trust	11 1/2
Bank of Canada	11 1/2	Heritable & Geo. Trust	11 1/2
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## UK COMPANY NEWS

## Gold earnings cut Western Mining's first-half losses

BY LACHLAN DRUMMOND IN SYDNEY

THE BIG improvement in the gold price and higher output have helped Australia's Western Mining Corporation (WMC) by offsetting to some extent the adverse effects of the poor state of the world nickel market.

WMC reported a small net loss of A\$3.39m (U.S. \$3.29m) for the six months to January 4, compared with profits of A\$6.52m for the first half of the previous year.

The previous results include a gain of A\$6.5m from export incentive grants and an extraordinary profit of A\$2.3m from the sale of the stake in Beach Petroleum.

An extraordinary loss this time of A\$15.57m, arising from the sale by the 80 per cent owned BH South of its shares in CRA, brought the final loss to A\$18.96m.

WMC has written down the value of its stocks of nickel by A\$7m, to reflect the possibility that eventual sales prices may fall below the company's already low production costs.

WMC's average return on its nickel sales fell by 18.7 per cent in Australian dollar terms, even though the company succeeded in reducing its operating costs by 6.7 per cent as a result of improved ore grades, higher smelter and refinery throughput and other cost-cutting measures.

The decline in the rate of return in terms of the U.S. dollar was even steeper at 32.4 per cent.

On the positive side, WMC saw volume sales of nickel rise by almost one-fifth to 20,849 tonnes, while gold sales from the company's own production jumped to 45,125 ounces, against 5,442 ounces in the first half of last year.

## Long Lac disputes Noranda gold claim

By Kenneth Marston, Mining Editor

ACCUSATIONS of claim-jumping have erupted at Canada's exciting Hemlo gold camp in north-western Ontario just when Noranda is about to develop the first gold mine there, the Golden Giant on the Molson Lake ground of the Golden Sceptre Resources-Goliath Gold Mines partnership.

In dispute are three claims, one of which covers the Golden Giant deposit. Noranda, which has already paid more than C\$5m and is preparing to spend a further C\$100m on a shaft and mill in order to bring the deposit to production and thereby earn a 50 per cent interest, is being challenged by the Little Long Lac group.

The latter's Long Lac Minerals says that the claims were incorrectly staked and has filed its own claim on them at the Mining Recorder's office. Noranda considers this to be a case of claim-jumping. After paying for an option on the claims, Noranda re-staked them on instructions from the Mining Recorder's office. Long Lac Minerals contends that this re-staking was improper.

Mr John Ivany, corporate counsel for Noranda, is reported to have said: "If Long Lac succeeds we are out of the ball game". A director of Golden Sceptre and Goliath is reported to have commented that gold fever had gone to Long Lac's head.

Claim-jumping disputes are very much part of the Canadian exploration scene and Noranda hopes to sort out the problem with Long Lac in the next few weeks.

## Better final quarter profit for Placer

THANKS to the higher prices for silver, Canada's Placer Development (in which Noranda has a 33 per cent stake) made a 1982 fourth quarter profit of C\$3.8m (12m). This reduced the loss for the year to C\$4.3m, or 45 cents per share. In 1981, Placer earned a net profit of C\$4.8m.

Placer also made a gain on the sale of Fox-Manning in Australia and the Brascade Resources shares received on the liquidation of Zimor Holdings.

Hopefully, Placer will do better this year with the departure of Zimor, better metal prices and the new open-cast Sunlight gold mine in Montana.

## RioZim slips into loss

DEPRESSED metal prices, especially for nickel, and rapidly escalating costs have driven Rio Tinto Zimbabwé (RioZim) into an operating loss of Z\$10.3m for 1982, compared with pre-tax profits of Z\$1.2m in the previous year.

RioZim, the local arm of the Rio Tinto-Zinc group, said the outlook for this year is heavily dependent on the gold price, as the Renos gold mine, which came on stream last year, is now the company's main profit-earner.

The closure of the Empress nickel mine will eliminate the biggest loss-maker, but even so further significant economies will have to be made to improve the group's difficult financial position.

## LADBROKE INDEX

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## Drake &amp; Scull lifts profits to £4m and increases dividend

BY OUR FINANCIAL STAFF

Drake & Scull Holdings, the electrical and mechanical engineering group, increased its profits from £3.6m to £4.1m for the year to the end of October 1982. Sales increased from £115.31m to £117.12m.

Despite the economic recession Sir Moaty Flaniston, chairman, points out that the company has passed the £4m mark for the first time. Second-half taxable profits, however, slipped from £2.24m last time to £2.17m.

Associate profits were produced of £253,000 against losses last time of £113,000, and the general engineering division contributed £163,000 compared with a previous loss of £271,000. The pre-tax figure also included mechanical and electrical engineering division profits of £3.3m compared with £3.7m.

At the operating level, profits were the same again at £3.18m.

Bank interest receivable amounted to £261,000 (£250,000).

The year's final dividend has been lifted from 1.75p to 2p, giving a higher total of 3.25p against 3p previously. Earnings per 1p share stood at 10.3p against 10.4p or 7.5p after extraordinary items.

Sir Moaty says the group's financial strength has continued to improve with net current assets at the year-end standing at £4.53m - an increase of 63 per cent.

The current work-in-hand position shows a marginal improvement compared with the same time last year.

Tax last year took £1.74m (£1.35m). Minorities amounted to £292,000 (£140,000) and there were extraordinary debits last time of £530,000.

At the halfway stage pre-tax profits had moved up from £1.38m to £1.93m.

## Second-half boost for textile group

BY OUR FINANCIAL STAFF

NOTTINGHAM Manufacturing, maker of knitted outerwear, hosiery and knitted carpets and one of Marks and Spencer's leading suppliers, pushed its second-half profit up by £1.55m to £15.2m last year.

This brings total profits for 1982 to £21.25m compared with £19m in the previous year and £15m in 1980, and has led the directors to step up the dividend from 4.5p to 5.1p net with a final of 3.9p.

Earnings per share are shown as 21.14p basic and 20.19p fully diluted, against figures of 18.8p and 17.03p a year earlier.

At the halfway mark, sales had

risen by £8.6m and £8.59m, and by the year-end had reached £214.37m, an improvement of £21.58m. Trading profit before depreciation for the six months was little changed at £8.1m, and had moved up by £1.8m to £21.25m over the full 12 months.

The balance sheet as at the end of 1982 shows shareholders' funds advancing from £80.15m to £87.61m. Fixed assets have increased by £5.19m to £35.5m, and net current assets by £2.1m to £32.33m - included in the latter are cash and investments totalling £56.41m (£55.73m) and with a market value of £71.25m.

## RESULTS IN BRIEF

A. J. WORTHINGTON (HOLDINGS)		GENERAL FUNDS	
Manufacturer of thread, knitwear and other textile products		Investment trust	
Half-year to Sept 30	1982	1981	1981
Sales	1.3m	1.49m	-
Pre-tax profit	136,000	7,000	-
Tax	-	3,500	-
Attributable profit	74,500	3,500	-
Earnings per share	6.9p	0.5p	-
Dividend	-	0.25p	-
* Loss	-	-	-

ARDEN & COBDEN		INDEPENDENT NEWSPAPERS	
Hotels Operator		Newspaper publishing and advertising	
Year to Dec 25	1982	1981	1981
Sales	1.27m	1.24m	-
Pre-tax profit	71,533	35,433	-
Tax	25,700	55,370	-
Attributable profit	51,833	80,803	-
Earnings per share	-	-	-
Dividend	5.5p	5.5p	-
* credit	-	-	-

OSPREY ASSETS		WILLIAMS & GLYN'S BANK PLC	
Investment trust		Loan arranged and provided by	
Half-year to Dec 31	1982	1981	1981
Pre-tax revenue	41,858	32,822	-
Tax	17,513	12,247	-
Dividend	0.5p	0.5p	-
NAV per share	31.94p	29.85p	-

## CORRECTION NOTICE

ISSUE OF £750,000,000  
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All documents for registration and correspondence should in future be sent to:

National Westminster Bank PLC  
Registrar's Department  
PO Box No 82  
37 Broad Street  
Bristol BS99 7NH

Telephone Bristol (STD Code 0272)  
Register enquiries 290711  
Other matters 263000

## INVESTORS CAPITAL TRUST PLC

Annual Report for the year to 30th November 1982

Results	1982	1981
Total Net Assets	£128,866,000	£110,420,000
Net Asset Value per Share	179.9p	150.5p
Dividend per Share	3.35p	3.15p

Policy	Our primary objective is capital growth. We invest in the stock markets of the world without confining ourselves to any one country or industrial sector. Our investments include mature and established companies but we also look for opportunities in newly developing situations.						
Capital Growth	The net asset value at 179.9p has risen to 2.7 times the 1973 figure, thus outperforming the major indices in the U.K. and U.S.A.						
Dividends	Over the period 1973 to 1982 dividends paid to our shareholders have kept pace with the increase in the retail price index.						
Geographical Spread	<table> <tr> <td>U.S.A. and Canada</td><td>54%</td></tr> <tr> <td>Japan</td><td>7%</td></tr> <tr> <td>Other Countries</td><td>4%</td></tr> </table>	U.S.A. and Canada	54%	Japan	7%	Other Countries	4%
U.S.A. and Canada	54%						
Japan	7%						
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Overseas	65%						
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35 35	George Blair
100 74	Ind. Precision Casting
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185 111	James Burrough
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## TECHNOLOGY

VIDEO AND FILM BY JOHN CHITLOCK

## Black and white not the answer for cable television

WHENEVER A new public debate on technical issues erupts, it is common experience these days to find difficulty in uncovering the facts. The politicians and the businessmen see black and white answers, whereas technology is forever full of ifs and buts, qualifications and trade-offs.

Cable television has not disappointed anyone in this respect — the public debate has left in its wake many technical misconceptions and revealed just as many new political dilemmas behind the simple engineering choices.

The debating buzz words at the moment are "tree and branch" and "switched star". A little further spice is added by throwing in "co-axial" and "optical fibres".

The words all describe, of course, methods of distribution available to cable television — tree and branch is the metaphor describing the topology of currently used cable systems, switched star the alternative now favoured by the Government.

Some commentators have confused the debate by believing that the use of co-axial cables is peculiar only to tree and branch, and that optical fibres can perform miracles unavailable to copper wire.

Tree and branch effectively routes all available cable channels down one central trunk, from which each subscriber is tapped off — so that every programme sent down the trunk actually arrives at the viewer's set, under present proposals, that might be 30 channels.

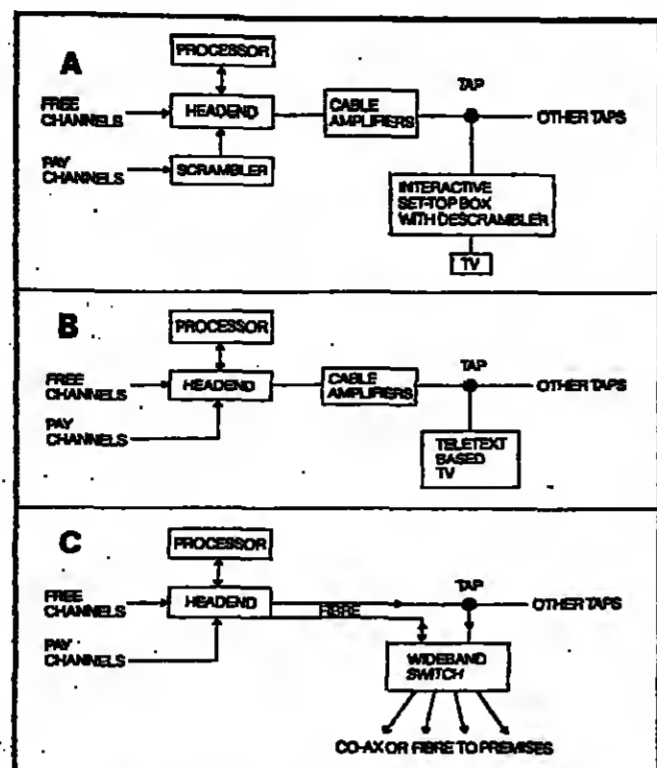
The viewer selects the required programme by means of the tuner on the receiver — viz the receiver is pre-tuned to display any one of the 30 channels, which the user selects on the remote control keypad.

This is also effectively what happens now with broadcast television — all signals arriving at the aerial, but only one being accepted by the receiver depending on the pre-selection made at the tuner.

Switched star takes all of the available channels from the programme centre to a regional station. Here, local subscribers to the service each have their own unique and direct cable connection to the regional station, which, rather like a telephone exchange, operates as a switching centre.

When any one subscriber selects a channel, the local switching centre automatically accepts the command, "tunes" in the mass of incoming channels on the main trunk and passes on only the one chosen by the viewer to the subscriber or four, can be relayed to each subscriber simultaneously if required — for dispersal in the home to the three or four TV sets that every manufacturer would like us all to buy).

Now, the politics begin to creep in. There are numerous technical arguments which tend to favour the switched star system. For example, since each household cable connection will have to carry only the particular channel selected by the viewer at any one time, no recabling to houses is needed if the total number of channels on offer is expanded dramatically. Only the trunk line to the switching centre needs extra capacity if



Three possibilities for a cable TV network: (A) a typical tree and branch system; (B) the Thorn-EMI approach using teletext signalling; and (C) a typical star system using fibre and co-axial cable

that happens (plus, of course, the switching gear at the centre).

With tree and branch, the cable connection to each home must carry all channels on offer — and present technology limits this to just about the 30 channels proposed by the Government. Expansion on this number would require recabling to each home.

On the other hand, all currently available cable TV systems in the UK are tree and branch — because of the need for receivers to be equipped with sophisticated multi-channel tuners — the system has more attraction for operating companies who are also in the set manufacturing business (for example Thorn EMI). Which is another way of saying that the capital cost moves away from the distribution centre (that is the operator) to the consumer.

World lead For Thorn EMI in particular this makes sense, and tree and branch offers a stimulus to Britain's set-making industry — whereas switched star, which attracts overseas manufacturers. Nonetheless, Rediffusion has established a world lead with its own research into switched star. There is a largely erroneous belief that tree and branch cannot (within the 30 channel target) do all of the jobs that switched star can perform — such as interactivity, and operator control of what each subscriber can receive. But Thorn EMI has overcome the so-called "addressability" problem by developing a teletext technique — computer controlled — that utilises teletext signals for two-way command functions. Thus pay-per-view and shopping orders will be just as possible

on tree and branch. Star nonetheless overcomes a potential problem in the compatibility of TV sets with what could emerge as a variety of different local cable systems. With star, a conventional UHF television set can be plugged straight into a large channel system; with tree and branch, adaptors are needed.

With each local operator possibly opting for different solutions to these compatibility problems, it stresses the need for what Mr Kenneth Baker has called a national "menu" of technical standards. Co-axial cable is with us for a time, simply because it is cheaper than optical fibre systems. When the cost differential is eroded, optical fibres offer various technical advantages — such as cleaner signals, freedom from electrical interference; but some of the miracles attributed to optical transmission belong more rightfully to digital transmission, which is just as possible along co-axial cables.

Indeed, a Danish proposal utilises digital cable transmission on optical trunks with local relay via co-axial branches. Since about 75 per cent of cabling cost is at the final distribution end, this compromise appears to make sense.

However, optical fibres cannot be used on tree and branch networks because this would mean each subscriber draining off a proportion of all the available energy for all channels instead of just that required for the selected channel. One thing no one can deny. Cable television is unleashing a bewildering array of decisions for politicians, engineers, investors, businessmen and programme-makers, and none of them have much time in which to arrive at their well-considered answers.

## PLASTIC CARDS SOLVE A SECURITY PROBLEM

## Tamper-proof laser cards

BY GEOFFREY CHARLISH

DATA CARD International has unveiled a laser technique for producing plastic transaction cards at the rate of about 750 per hour — in a form the company believes is virtually tamper-proof.

The Chichester-based U.S.-owned company believes it has produced a solution to the main problem in this area — that of manufacturing highly secure cards at a sufficiently low price.

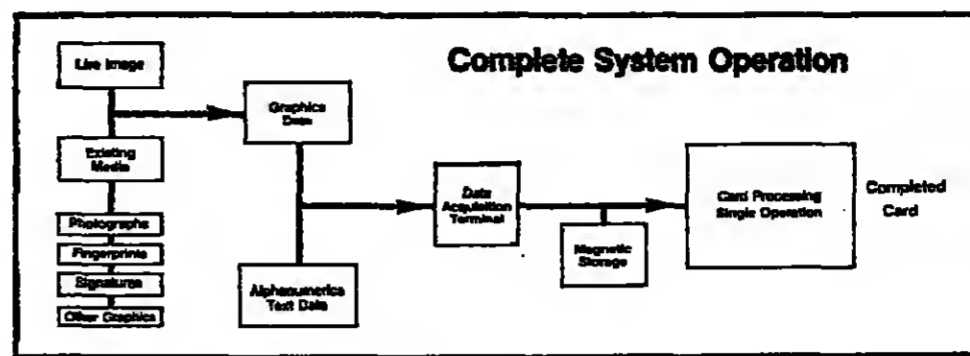
Its customers will be able to produce new cards at 23p each, (repeats at 11p, assuming numbers typical of banks and similar organisations and that the production equipment is purchased with amortisation over five years. Data Card also offers a bureau service, or the equipment can be rented.

The development seems to be timely. There are now some 580m cards in circulation in the U.S. with another 70m in Europe and the problem of fraud, in particular with cheque guarantee cards, is reaching disturbing proportions.

## Better way

Losses from cheque card crime in the UK alone are believed to exceed £18m annually, with another £12m attributable to credit cards. The growth rate according to the managing director of Data Card International, Mr O. C. Borall, is in the region of 40 per cent a year. "There is a need," he says, "for a better way."

Signatures on white strips on



the back of the card can, it appears, be easily removed by the professional who has just stolen a card. He will not steal the wallet or handbag, only the card, to avoid raising early alarms. He then removes the signature chemically and re-signs the card with the owner's name in his own hand. The rest is simple.

Similarly, photographs of the owner laminated on to the face of the card can, it is understood, be carefully excised and replaced with the thief's.

The technique developed by Data Card is to use laser graphics to put images on the card that will be very difficult to tamper with because they are in the form of discrete picture elements (pixels). A magnifying glass would soon reveal any substitution, even if

one could be made without obviously damaging the card. Half-tone photographs are dealt with by allocating 64 dot positions to each pixel, which can then assume any shade of grey from black to transparent by simply filling in the dots.

A special display unit with keyboard is used to compile the data for impression on the card. A single frame can be captured from a monochrome closed circuit TV camera for example, and appears on the VDU screen. This would probably be the card owner's "mugshot" which would then be electronically stored in pixel form.

On the same terminal, the operator can type in any alphanumeric data to go on the card, usually a name and address — in fact she can see the whole

check-out. More information on the system is available on 01-450 2644.

Security Retorts Activated carbon

A SPECIAL rotary retort designed as part of a process plant to convert coconut shells into activated carbon, is being completed by Aerex of Sheffield. The unit will be installed as part of a complete production plant being constructed in Sri Lanka.

In the process, the coconut shells pass through a closely controlled oxidation cycle in the retort, using steam as the activating medium.

Details from: Keith Groom, Aerex, Vale Road, Sheffield (0742-448411).

Warner at Warner Electric, P.O. Box 1079, CH-1001, Lausanne, Switzerland.

Motor drives Geared system

A GEARED motor drive developed for use with platform goods lifts or invalid stair lifts is now available from Normand Electrical Company in Portsmouth.

Designated the PLO-D71, the unit has a basic load capacity of 114 kg at a speed of 6m a minute rising at an angle of 60 degrees. The company says that the unit complies fully with the British Standard recommendations for such drives. More details, on 0705 370588.

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All Bulgarian Commercial Missions Abroad

## Rorer Group Inc

has acquired

## Helmut Roedler KG

and

## Pharmakon Roedler GmbH

The undersigned originated this acquisition and assisted Rorer Group in the negotiations

## Bankhaus Trinkaus &amp; Burkhardt

<b>Britannia Gas of Unit Trusts Ltd. (London EC2)</b> Britannia House, 31, Finsbury Square, London EC2 01 436 0478 0479 or 01 586 2777 Britannia Investment 01 473 0048			
<b>UK Specialist Funds</b>			
Advantage	117.0	148.4	+3.2
Investment	100.0	100.0	0.0
Capital Growth	88.1	94.6	+1.1
Income	71.1	76.7	+0.8
High Mkt. S&I	71.1	76.7	+0.8
<b>Spec. Int'l. Funds</b>			
Int'l. High Income	93.4	92.0	-0.4
Int'l. Growth	98.5	106.2	+3.6
Int'l. & Growth	98.5	106.2	+3.6
Int'l. Spec. S&I	98.5	106.2	+3.6
Global Spec. S&I	10.4	15.8	+0.7
<b>Specialist Funds</b>			
Commodity Shares	114.4	115.6	+0.7
Commodity Shares	114.4	115.6	+0.7
Gold & General	142.0	171.1	+2.7
Gold & General	142.0	171.1	+2.7
Int'l. Tech. Shares	25.8	27.4	+0.2
Int'l. Tech. Shares	25.8	27.4	+0.2
Unit Energy	48.6	52.8	+0.5
Unit Energy	48.6	52.8	+0.5

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Duncan Lawrie Fnd. Mgrs. (g)				Henderson Administration (a) (b) (c)			
1. Robert Place London SW1 WOHU 11 245 9321				Permit Adm. & Respon. 027717			
Growth	16.5	17.1	5.30	Prattville, UT			
Income	13.0	34.4	0.100	U. W. Fla.	171.0	76.8	+0.0
Overseas	14.2	45.8	+0.3	Accum. Unit.	132.9	105.9	+0.1
				Recovery	46.3	87.8	+0.0
				Cap Growth	138.3	166.7	+0.1
				Adm.	100.0	100.0	+0.1

For E. F. Neuchter see  
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The FT European Top 500 survey gives the Financial Times a publishing first.

The FT has devised a way of measuring the value and performances of European companies - a way that is realistic and enables you to compare diverse companies offering a kaleidoscope of products and services.

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13 European countries are represented in this year's list. Britain leads with 233 followed by West Germany with 79, on down to Norway, Finland and Ireland with less than 6.

The FT's tables rank the top publicly-quoted companies, including banks throughout Europe. And one table ranks the top UK companies, with an analysis of major UK trends.

The articles which accompany the figures explain some of the surprises - for instance why Marks and Spencer comes No. 48 measured by sales, but shoots up to No. 4 measured on the ETC's market capitalisation.

The FT survey is a double-first. The first time European companies have been measured in a way which makes comparisons meaningful. And the first of what will now be an annual survey.

This 8-page survey gives you the base for future reference. Reprints are available price £2.50 from the addresses below.

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### London Traded Options

Owing to technical problems, details from which to produce yesterday's London Traded Options table were unavailable.

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DIFL C	F.270								
DIFL C	F.265								
DIFL C	F.270	2	2.00						
DIFL P	F.270	1	11						
			Feb.		May		Aug.		
GOLD C	\$385	16	180						5.50
GOLD C	\$385	13	103						
GOLD C	\$375	10	150	15	168				
GOLD C	\$400								
GOLD C	\$400	100	72						18 103
GOLD C	\$450	24	53						2 38
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GOLD C	\$500	33	6	39	39.90	14	53		
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GOLD P	\$450			23	7	12	15		
GOLD P	\$500	7	0.70 A	63	17	2	24		
GOLD P	\$500				28	23	33		
12 1/4 NL 51	87-01								
C	F.110	2	34						F.110
C	F.111.50	2	21 1/2						
C	F.112.50	20	11.50						
C	F.127.50			25	6.60				
C	F.150			9					
C	F.132	1D	D.60 A	650	2.40				
C	F.140			4	1.10				
C	F.125					20	1.60		
P	F.130					1			
P	F.135					3			
P	F.135								
10 1/4 NL 80	86-95								
C	F.107.50	46	6.50						
C	F.110	40	4	20	4.60				
C	F.112.50								
C	F.115								5.50
C	F.115								2.50
11 1/4 NL 82	88-92								
C	F.115			223	0.60				F.115
C	F.117.50	70	D.1D		0.150				
C	F.120								
1D NL 82 1/4	88-92								
C	F.107.50			40	4.10				F.111 1/2
7 1/4 NL 83	88-93								
C	F.108.50			19	0.50				F.108 1/2
7 1/2 NL 83	87-90								
C	F.150			1510	1.1D				F.150
C	F.109.50				10.70				
C	F.150				0.50				
			April		July		Oct.		
AKZO C	F.30			50	14.50 B				F44 1/2
AKZO C	F.32.50			55	13				
AKZO C	F.35			80	0.60				
AKZO C	F.40	121	5.20	02	0.40				
AKZO C	F.45	1		155	2.50				
AKZO P	F.40	58	1	125	0	305	4.50		
AKZO P	F.50								
AMRO C	F.40	126	1	88	1.90				F.45 1/2
AMRO P	F.48	81	2.60						
AMRO P	F.50	26	2.50						
OIST P	F.130	35	0.50						F.140
HOOO C	F.170.50	107	1 B						F.160 1/2
KLM C	F.150	48	33.90						F.140 1/2
KLM C	F.150	42	11						

هكذا عرفت الرجل

## INSURANCE & OVERSEAS MANAGED FUNDS

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday February 15 1983

WALL STREET

An upward momentum regained

STEADY progress won the day on the New York Stock Exchange as sustained buying interest enabled the Dow Jones industrial average to surmount its 1,090 stumbling-block level and finish 10.60 stronger at an all-time high of 1,097.10.

The upturn was brought about on a trading volume of only some 72m shares, however, against 67.6m on Friday, and profit-takers made their presence felt in the last hour. Nonetheless Mr Theodore Haligan, vice-president of Piper Jaffray and Hopwood, was one who described the market as "exuding a feeling of increased strength and confidence."

The drop in unemployment from 10.6 to 10.4 per cent while some 400,000 Americans found new employment, the bullish prospect of a real 4 per cent increase in gross national product, and the likelihood of the Federal Reserve lowering short-term interest rates further, all confirm investor judgements that we are in a bull market with a long way to go," he predicted.

He said attention given to the Dow av-

erage was diminishing because of the "couple of really sick cows" it contained.

Initial weakness was evident in reaction to a substantial \$5.9bn rise in weekly U.S. money supply reported last Friday, but analysts identified a healthy indicator in business inventories, which fell 0.6 per cent in December, suggesting that orders to manufacturers could soon begin to pick up.

Growing strength in the bond markets was also cited as an encouragement. Another cheering sign was a forceful 2 1/2% gain by IBM, widely monitored as a barometer of the market as a whole. It closed at \$99 as volume leader on 972,500 shares.

Investors were alert, however, to a poor showing by the Dow transportation average, reflecting a sector which has paced the market on several recent days. Yesterday it trailed behind, eventually edging up 1.03 to 480.94.

Major car makers fared well, though with Ford reaching \$42 1/2 up \$2, and General Motors \$1 1/2 stronger at \$63 1/2. Both were actively traded.

Eastman Kodak, which reported fourth quarter net earnings at \$2.61 per share against \$2.28, was ahead 3 3/4 at \$88 1/2.

The credit markets were edging higher in quiet trading as the Federal Funds rate dipped slightly from an average 6.53 per cent on Friday to hold at 6 1/2 per cent through the morning. A move by the Fed to supply temporary reserves by arranging \$1bn of customer repurchase agreements at this level had little immediate impact.

Transport, oil and trading issues were

firm spots in a Toronto session which again showed reluctance for much of the day to move beyond a narrow trading range. Mines were mixed, and advancing stocks overall rarely found themselves far ahead of those declining.

Montreal trailed even further behind, with industrials, utilities and banks all showing weakness.

LONDON

Downward drift as funds short

INVESTMENT interest faltered in London yesterday and leading shares drifted back from Friday's record highs. The undertone in many equity sectors remained firm, but business became more restrained and influenced by cash shortages.

The privatisation of Associated British Ports - dealings in which start this morning, clearly at a healthy premium - has tied up substantial market funds and Thursday's Superdrug Stores' offer for sale is certain to exacerbate the scarcity.

Blue chip industrials, nevertheless, edged forward at the opening, with confidence about world economic prospects the underpinning factor. Hopes that a national water workers dispute might soon be resolved also helped sentiment and countered disappointment with Wall Street's inability on Friday to hold good early gains.

Professional operators were reluctant to enter into new commitments - this week is the final leg of a three-week trading account - and values eased as investors' enthusiasm waned. However, six of the constituents of the FT Industrial Ordinary share index resisted the downturn, and after showing a fall of around 2 1/2 points throughout the afternoon, the index picked up a little to close 1.8 down at 660.7.

A view that international interest rates might soon fall continued to stimulate Government stocks. Further light demand and the continued absence of sellers took longer-dated gilts up 1/4 more, but other areas of the market were more volatile.

Specialist inquiries and switching operations led to irregular movements in low and medium-coupon shorts, while new tap considerations lowered high coupon shorts about 1/4. The issue of a further £700m tranche of the existing Exchequer 10 1/2 per cent issue, dated 1987, was announced late on Friday.

Index-linked stocks again tended lower, affected by yesterday's £35 per cent call on Treasury 2 1/2 per cent 2016. Treasury 2 1/2 per cent 2003 closed 1/4 down at 101 1/2.

London financials were steady to a fraction easier in subdued trading, reflecting the modest falls in UK equities. RTZ dipped 5p to 54 1/2p and Charter 2p to 24 1/2p. Share information services, Page 28-29.

AUSTRALIA

Mines ahead

GAINS IN bullion and silver prices over the weekend led to sharp rises in mining and leading gold stocks in Sydney. The Metals and Minerals index closed 11.1 up at 505.4.

CSR was 23 cents stronger at A\$3.01, Western Mining 16 cents at A\$3.98 and NIM 12 cents at A\$4.22. Among gold stocks, 10 cent rises took Central Norseman to A\$10.10, Emperor to A\$2.50, GIM to A\$12.60 and Peko to A\$6.40.

The All Ordinaries index posted a solid gain, up 6.8 to 514.9, while the All Industrials was 5.6 ahead at 651.0.

Two large off-market sales were the highlight among industrials. One parcel of 1.83m shares of contracting concern, Leighton, representing 4.14 per cent of the company's issued capital, was sold at A\$1.60, four cents above the closing market price.

Share prices improved marginally in Melbourne, with interest again centring on mining stocks.

SOUTH AFRICA

Gold easier

GOLD SHARES eased in Johannesburg in line with a bullion price which declined during the day.

Kloof, which closed at R58.50, was one of a number of heavyweights to shed as much as R1. Some mining financials also fell back in sympathy. De Beers posted one of the largest proportionate falls, dropping 20 cents to R8.90 while Anglo American was down 10 cents at R22.20.

Meanwhile, last week's abolition of the financial rand has led to a sharp increase in the foreign currency and arbitrage activities of stockbrokers. Several are now considering applying to the Reserve Bank for foreign exchange dealers' licences, currently given only to banks.

EUROPE

Festivities fail to cheer prices

DEPRIVED of the buying incentive which a softer dollar had provided towards the end of last week, stock investors returned to the bourses yesterday morning in uncertain mood. Little emerged during the day to spur resolve in either direction, and prices generally wound up mixed.

Trading levels in some centres tailed off with the onset of the Fasching pre-Lent carnival, and only the Belgian and Italian markets saw volume levels to any extent larger than usual.

In Brussels, nonetheless, prices generally edged only marginally higher, helped along by a rally in non-ferrous metals. Asturienne added BFr 6 to BFr 318, Hoboken BFr 100 to BFr 4,400 and Vielle Montagne BFr 30 to BFr 4,230.

Steels lagged behind, however. Cockerill Sambre, the loss-making state-controlled producer which on Friday effected salary cuts extending to 15 per cent, was unchanged at BFr 95.

Dutch internationals were higher there but less decisively so in Amsterdam, where foreign activity all but disappeared and trading was conducted among local professionals. The market also had to digest official figures yesterday morning which showed a 5.2 per cent decline in the volume manufacturing activity for December against a year earlier.

Unilever edged up 10 cents to Fl 196.30, Philips finished steady at Fl 34.30 and Royal Dutch slipped 80 cents to Fl 99.50. The AMP-CBS industrial index added 1.3 to 95.5 and the general indicator 1.4 to 109.8.

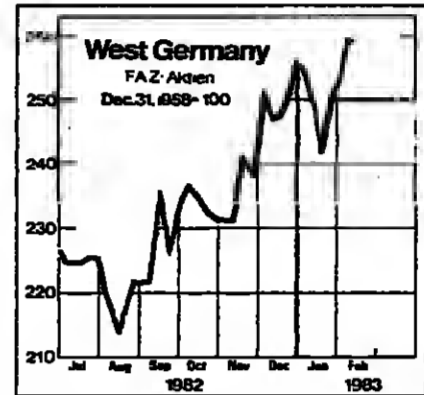
Milan benefited from technical adjustments at the end of the current trading month, buoyed in addition by continuing hopes of early legislation which would facilitate revaluation of corporate assets.

Banks were in the forefront, with a £290 rise for Commerciale to L35,640

while Credito Italiano added L165 to L4,370 and Interbanca a strong L1,560 to L26,550.

Olivetti SpA, which later reported a 15.7 per cent rise in 1982 consolidated revenue, advanced L70 to L2,560. Fiat and Montedison were also sought. Convertibles were selectively firmer in a mixed bond market.

Profit-takers appeared in a thin Frankfurt market to curb any gains. Banks weakened, and even Bayerische Hypo was forced to settle unaltered on the day after proposing a dividend increase for last year.



The FAZ index eased a bare 0.12 to 235.36. The Commerzbank index, centred in Düsseldorf where holiday festivities were already under way, was not calculated.

Another upsetting factor was weakness in domestic bonds, attributed to a technical reaction after steady progress last week, and a New York retreat on Friday. The Bundesbank bought DM 26.6m in paper.

A similarly dull picture was true for Zurich, although bond prices steadied. In industrials, Alusuisse continued firm with a SwFr 13 gain to SwFr 640 while Ciba-Geigy and Nestle were unchanged.

Electricals were on the whole higher in Paris, although Alstom-Atlantique was steady at FFr 139 after announcing marginally higher 1982 turnover figures.

Car-makers were also weaker in Stockholm, with Volvo off SKr 5 to SKr 336 and Saab-Scania SKr 1 to SKr 257, while other industrials were mixed. Copenhagen values picked up on dealers' expectations of a bank rate cut if Danish unions agree to limit wage rises.

FAR EAST

Tokyo finds the right chemistry

THE CATALYST of a stronger yen in Tokyo yesterday brought a crystallising of hopes that the U.S. discount rate may now be due for an early cut, and the result was a further strengthening in stock values across a wide front.

International populars and low-priced domestic industrial issues, which over the past week or two have taken turns to lead the market, this time moved upward in tandem. Prominently weak features, however, were to be found in the mining sector.

The Nikkei-Dow Jones market average built 38.06 on a Saturday rise of 76.40 to finish at 6,132.02, while the Tokyo SE index added another 2.95 to 590.55. Turnover in the first section totalled some 470m shares.

Another factor underpinning the advance was the progress achieved last week in disputes with the European Community and the U.S. on the level of Japanese exports.

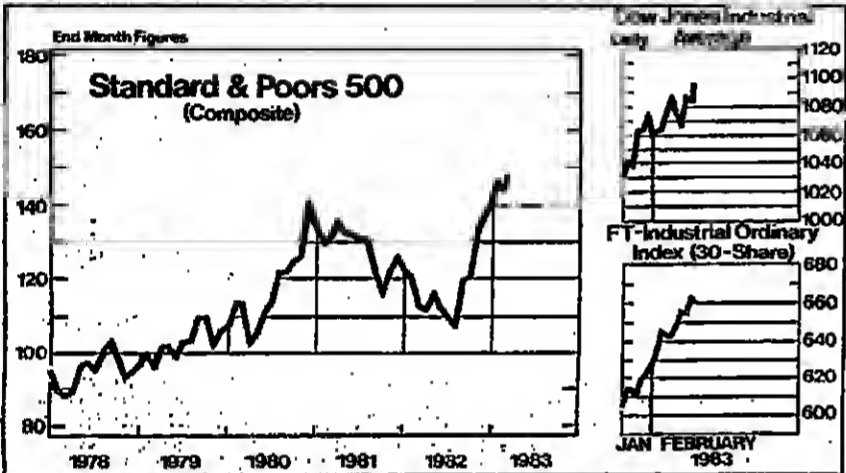
Toyota gained Y11 to Y986, Sony Y40 to Y3,340, Pioneer Y100 to Y2,340 and Canon Y20 to Y1,140. Some dealers pointed out, however, that export restraints might depress the blue chips in the longer term.

Some profit-taking pressure was evident during the afternoon, curtailing the increase in the Nikkei-Dow average which had extended to nearly 50 points by 1.30pm.

The interest rate optimism helped trading houses, with a Y18 gain for Mitsui and Co to Y373 and Y13 for Sumitomo to Y462. But actively traded Mitsui Mining and Smelting turned Y29 lower to Y636 on 12.91m shares, and Maruzen Oil was off Y21 to Y421.

The domestic bond market was described by dealers as directionless, with the yen-dollar rate expected to dominate trading for some time if no clearer indication emerges on the course of world interest rates.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 14	Previous	Year ago
DJ Industrials	1097.10	1086.5	833.81
DJ Transport	480.94	479.91	347.54
DJ Utilities	124.08	123.66	105.20
S&P Composite	149.93	147.62	127.51

LONDON	Feb 14	Previous	Year ago
FT Ind Ord	660.7	662.5	584.1
FT-A All-share	412.08	408.73	325.28
FT-A 500	447.11	443.22	344.54
FT-A Ind	420.72	417.60	315.25
FT Gold mines	712.5	711.5	274.3
FT Govt secs	79.21	78.80	64.79

TOKYO	Feb 14	Previous	Year ago
Nikkei-Dow	6132.02	6093.96	7680.29
Tokyo SE	590.55	587.60	569.63

AUSTRALIA	Feb 14	Previous	Year ago
All Ord	514.9	508.1	526.9
Metals & Mins	651.0	645.3	379.0

AUSTRIA	Feb 14	Previous	Year ago
Credit Aktien	48.74	48.74	54.92

BEIJING	Feb 14	Previous	Year ago
Belgian SE	105.01	105.92	98.22

CANADA	Feb 14	Previous	Year ago
Composite	2136.9	2121.6	1648.30

FRANCE	Feb 14	Previous	Year ago
CAC Gen	105.4	104.7	108.7
Ind-Tendence	109.6	108.3	120.0

WEST GERMANY	Feb 14	Previous	Year ago
FAZ-Aktien	259.36	258.48	228.23
Commerzbank	n/a	775.1	697.4

HONG KONG	Feb 14	Previous	Year ago
Hang Seng	closed	931.40	1270.04

ITALY	Feb 14	Previous	Year ago
Banca Com.	200.61	196.88	189.54

NETHERLANDS	Feb 14	Previous	Year ago
ANP-CBS Gen	108.8	108.4	87.1
ANP-CBS Ind	95.5	94.2	86.6

NORWAY	Feb 14	Previous	Year ago
Osto SE	139.02	136.08	108.7

SINGAPORE	Feb 14	Previous	Year ago
Straits Times	closed	798.80	750.82

SOUTH AFRICA	Feb 14	Previous	Year ago
Gold	987.9	994.7	519.0
Industrial	836.1	836.1	710.1

SPAIN	Feb 14	Previous	Year ago
Madrid SE	closed	103.42	106.43

SWEDEN	Feb 14	Previous	Year ago
J & P	1138.88	1134.07	613.76

SWITZERLAND	Feb 14	Previous	Year ago
Swiss Bank Ind	305.8	306.0	248.5

GOLD (per ounce)	Feb 14	Previous	Year ago
London	\$501.25	\$503.00	\$450.00
Frankfurt	\$501.50	\$504.50	\$450.00
Zurich	\$500.50	\$504.50	\$450.00
Paris	\$503.38	\$507.88	\$450.00
New York futures (Feb)	\$506.40	\$504.10	\$450.00

CURRENCIES

U.S. DOLLAR	Feb 14	Previous	Feb 14	Previous
£	1.5385	1.5450	-	-
DM	2.4155	2.4025	3.72	3.71 1/4
Yen	235	234.25	361 1/2	362
FFr	6.8425	6.8125	10.53	10.51
SwFr	2.0085	2.0025	8.09 1/2	8.09 1/2
Guilder	2.6675	2.6535	4.10	4.10
Lira	1391 1/4	1384	2141	2138
BFR	47.50	47.30	73.10	73.10
CS	1.2245	1.2250	1.8835	1.8825

INTEREST RATES

Euro-currency	Feb 14	Prev
(three month offered rate)		
£	11 1/4	11 1/4
SwFr	2 1/2	2 1/2
DM	5 1/2	5 1/2
FFr	23 1/2	24

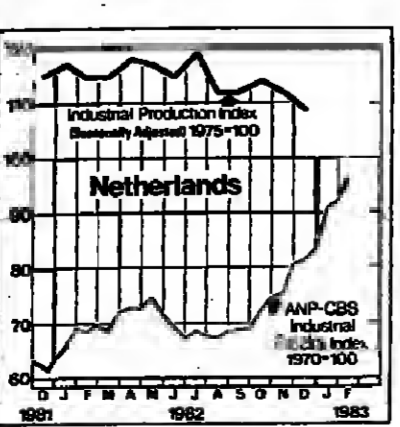
FT London Interbank fixing (offered rate)	Feb 14	Prev
3-month U.S.	8 1/4	8 1/4
6-month U.S.	8 1/4	8 1/4
U.S. Fed Funds	8 1/4	8 1/4
U.S. 3-month CDs	8.70	8.7
U.S. 3-month T-bills	8.23	8.13

FINANCIAL FUTURES

FINANCIAL FUTURES				
	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
5% \$100,000 32nds of 100%				
March	74-11	74-15	73-25	74-04
U.S. Treasury Bills (TBM)				
51m points of 100%				
March	91.83	91.88	91.77	91.91
Cent Deposit (NIM)				
51m points of 100%				
March	91.17	91.21	91.13	91.25
LONDON				
Three-month Eurodollar				
81m points of 100%				
March	90.81	90.85	90.77	90.96
20-year National Gilt				
£50,000 32nds of 100%				
March	101-14	101-14	100-20	100-28
Three-month Sterling Deposit				
£250,000 points of 100%				
March	89.50	89.51	89.45	89.50

LONDON COMMODITY MARKETS

Silver (spot fixing)	Feb 14	Prev
	922.95p	921.9p
Copper (cash)	£1077.00	£1063.50
Coffee (March)	£1724.00	£1707.50
Oil (spot Arabian light)	\$29.72	\$29.82



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## NEW YORK STOCK EXCHANGE CLOSING PRICES

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**Continued on Page 25**

## AMERICAN STOCK EXCHANGE CLOSING PRICES

[illegible]

## NEW YORK STOCK EXCHANGE CLOSING PRICES

[illegible]



## Brazilian rain cuts London cocoa price

## cocoa price

REPORTS OF improved growing conditions in Brazil's Bahia state prompted a sharp decline in London cocoa futures prices on Monday morning. Much of the fall was recovered later in the day.

On the opening call the May position fell the 540 permits to the only limit to reach \$1,300 a tonne. The 10-month, the 34-month peak reached earlier this month on West African and Brazilian crop fears. Dealers attributed the fell to the news that the hot, dry weather in Brazil's cocoa zone had ceased and there had been good rains.

With anxiety continuing over Ivory Coast and Ghana's crop, and with the threat of fires, the price recovered to end the day at £1,350.50 a tonne.

rice production in five years. Mr Ben Jackson, representative of the U.S.-based Rockefeller Foundation, said.

● **WINTER** potato output is forecast by the Agriculture

● **U.S. ORANGE** output in 1982-83 is forecast at 224 million boxes—26 per cent up on last year but 8 per cent less than this year's according to Agriculture Department figures.

● **A SOVIET** trade mission headed by deputy foreign minister Boris Giscard is expected in Argentina or February 24 for talks on grain purchases, an Argentine commerce official said.

● **EEC** agriculture commissioner Lord Carrington will be among speakers at the 17th conference on The Outlook for World Grains in London on Feb. 24.

## AMERICAN MARKETS

clearing range. Cocoa prices continued to decline as the autumn selling season put pressure on the market overabundance of fundamentals. Coffee prices advanced. Coffee prices advanced, followed by good commission houses. The release of an additional large quantity of beans, however, prevailed market. The price of beans advanced into new high ground, but good commercial interest, technical factors, and the general market were covering the gains. The market was in view of larger country marketings. The market was in view of larger country marketings. Commodities.

**SUGAR WORLD "11" 112,000, 000**  
cents/lb

	Clean	High	Low	Prev
March	9.98	7.22	6.95	7.28
July	7.19	7.44	7.17	7.28
Sept	7.81	7.88	7.88	7.88
Oct	8.33	8.78	7.82	7.88
March	7.13	7.44	7.10	7.28
July	8.46	8.65	8.40	8.50
Sept	8.78	8.98	8.50	8.50

**CHICAGO**

	Feb	April	June	Aug	Oct	Dec
Low	62.32	62.97	62.50	63.02	62.77	61.95
Prev	63.47	63.50	62.82	63.25	64.22	63.02
High	64.45	64.50	63.95	64.22	62.77	61.95
Open	63.02	63.07	62.55	62.77	61.95	61.95
Close	61.27	61.32	60.87	61.05	61.05	61.05
Settle	62.32	62.32	61.92	61.92	61.92	61.92

LIVE HOGS 30,000 lbs., cents/lb.				
	Close	High	Low	Prev
Feb	59.35	59.85	58.15	59.97
April	54.32	54.37	53.65	54.20
June	55.57	55.65	55.10	55.60
Aug	53.70	55.60	54.97	53.45
Oct	53.70	53.90	53.45	53.62
Dec	49.50	49.65	49.25	49.75
Feb	48.55	48.80	48.50	48.57
April	47.74	47.90	47.50	47.80

MAIZE 5 lb bu min: cents/56 lb-bushel				
	Close	High	Low	Prev
March	280.0	282.0	274.4	274.9
May	289.4	290.0	284.2	284.2
July	286.0	286.6	280.4	280.2
Sept	284.0	285.0	280.0	283.4

Feb	79.32	79.85	78.75	80.10
March	78.80	79.35	78.30	79.47
May	78.17	79.35	78.55	79.47

	Cloze	High	Low	Prev
Feb	78.10	78.10	71.85	78.47
Mar	67.00	67.00	66.25	68.00
Apr	66.85	66.80	65.50	65.00
May	66.50	66.50	65.50	65.00
June	66.50	66.50	65.50	65.00

SOYBEANS 8,000 bu min;  
 100/50 10-bushel

	Cloze	High	Low	Prev
Feb	600.4	603.0	580.9	596.2
Mar	600.0	617.0	608.4	609.4
Apr	628.0	638.0	626.4	628.0
May	633.0	633.0	626.4	627.0
June	634.0	635.0	627.4	628.0
July	645.0	645.0	637.4	639.0
Aug	656.8	667.0	640.4	645.0
Sept	667.0	668.4	657.0	662.0
Oct	661.0	—	657.0	673.0

SOYBEAN MEAL 100 tons, 5/ton

	Cloze	High	Low	Prev
Feb	163.7	179.9	177.7	178.4
Mar	167.4	184.4	180.4	180.4
Apr	167.4	187.8	185.2	185.2

Oct	191.0	191.5	188.3	188.3
Dec	196.0	195.0	192.0	192.3
Jan	187.0	187.0	182.5	182.5

SOYABEAN OIL 50,000 lbs, cents/lb				
	Close	High	Low	Prev
March	17.53	17.67	17.25	17.27
May	17.58	—	18.05	—
July	18.37	18.38	17.87	17.71
Aug	18.50	18.50	18.30	18.10
Sept	18.70	18.70	18.45	18.43
Oct	19.80	—	—	19.53
Dec	19.12	19.12	18.88	18.90
Jan	19.22	19.30	19.22	19.10
WHEAT 5,000 bu min, cents/50 lb				
	Close	High	LPW	Prev
March	351.0	351.0	342.0	342.8
May	351.4	351.4	352.4	352.8

Sept	377.4	377.4	371.0	371.2
Dec	393.0	393.4	387.0	386.4
March	405.0	405.0	398.4	398.4

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## FT LONDON SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

1982/83	1981/82	1980/81	1979/80	1978/79	1977/78	1976/77	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71	1969/70	1968/69	1967/68	1966/67	1965/66	1964/65	1963/64	1962/63	1961/62	1960/61	1959/60	1958/59	1957/58	1956/57	1955/56	1954/55	1953/54	1952/53	1951/52	1950/51	1949/50	1948/49	1947/48	1946/47	1945/46	1944/45	1943/44	1942/43	1941/42	1940/41	1939/40	1938/39	1937/38	1936/37	1935/36	1934/35	1933/34	1932/33	1931/32	1930/31	1929/30	1928/29	1927/28	1926/27	1925/26	1924/25	1923/24	1922/23	1921/22	1920/21	1919/20	1918/19	1917/18	1916/17	1915/16	1914/15	1913/14	1912/13	1911/12	1910/11	1909/10	1908/09	1907/08	1906/07	1905/06	1904/05	1903/04	1902/03	1901/02	1900/01	1899/00	1898/99	1897/98	1896/97	1895/96	1894/95	1893/94	1892/93	1891/92	1890/91	1889/90	1888/89	1887/88	1886/87	1885/86	1884/85	1883/84	1882/83	1881/82	1880/81	1879/80	1878/79	1877/78	1876/77	1875/76	1874/75	1873/74	1872/73	1871/72	1870/71	1869/70	1868/69	1867/68	1866/67	1865/66	1864/65	1863/64	1862/63	1861/62	1860/61	1859/60	1858/59	1857/58	1856/57	1855/56	1854/55	1853/54	1852/53	1851/52	1850/51	1849/50	1848/49	1847/48	1846/47	1845/46	1844/45	1843/44	1842/43	1841/42	1840/41	1839/40	1838/39	1837/38	1836/37	1835/36	1834/35	1833/34	1832/33	1831/32	1830/31	1829/30	1828/29	1827/28	1826/27	1825/26	1824/25	1823/24	1822/23	1821/22	1820/21	1819/20	1818/19	1817/18	1816/17	1815/16	1814/15	1813/14	1812/13	1811/12	1810/11	1809/10	1808/09	1807/08	1806/07	1805/06	1804/05	1803/04	1802/03	1801/02	1800/01	1799/00	1798/99	1797/98	1796/97	1795/96	1794/95	1793/94	1792/93	1791/92	1790/91	1789/90	1788/89	1787/88	1786/87	1785/86	1784/85	1783/84	1782/83	1781/82	1780/81	1779/80	1778/79	1777/78	1776/77	1775/76	1774/75	1773/74	1772/73	1771/72	1770/71	1769/70	1768/69	1767/68	1766/67	1765/66	1764/65	1763/64	1762/63	1761/62	1760/61	1759/60	1758/59	1757/58	1756/57	1755/56	1754/55	1753/54	1752/53	1751/52	1750/51	1749/50	1748/49	1747/48	1746/47	1745/46	1744/45	1743/44	1742/43	1741/42	1740/41	1739/40	1738/39	1737/38	1736/37	1735/36	1734/35	1733/34	1732/33	1731/32	1730/31	1729/30	1728/29	1727/28	1726/27	1725/26	1724/25	1723/24	1722/23	1721/22	1720/21	1719/20	1718/19	1717/18	1716/17	1715/16	1714/15	1713/14	1712/13	1711/12	1710/11	1709/10	1708/09	1707/08	1706/07	1705/06	1704/05	1703/04	1702/03	1701/02	1700/01	1699/00	1698/99	1697/98	1696/97	1695/96	1694/95	1693/94	1692/93	1691/92	1690/91	1689/90	1688/89	1687/88	1686/87	1685/86	1684/85	1683/84	1682/83	1681/82	1680/81	1679/80	1678/79	1677/78	1676/77	1675/76	1674/75	1673/74	1672/73	1671/72	1670/71	1669/70	1668/69	1667/68	1666/67	1665/66	1664/65	1663/64	1662/63	1661/62	1660/61	1659/60	1658/59	1657/58	1656/57	1655/56	1654/55	1653/54	1652/53	1651/52	1650/51	1649/50	1648/49	1647/48	1646/47	1645/46	1644/45	1643/44	1642/43	1641/42	1640/41	1639/40	1638/39	1637/38	1636/37	1635/36	1634/35	1633/34	1632/33	1631/32	1630/31	1629/30	1628/29	1627/28	1626/27	1625/26	1624/25	1623/24	1622/23	1621/22	1620/21	1619/20	1618/19	1617/18	1616/17	1615/16	1614/15	1613/14	1612/13	1611/12	1610/11	1609/10	1608/09	1607/08	1606/07	1605/06	1604/05	1603/04	1602/03	1601/02	1600/01	1599/00	1598/99	1597/98	1596/97	1595/96	1594/95	1593/94	1592/93	1591/92	1590/91	1589/90	1588/89	1587/88	1586/87	1585/86	1584/85	1583/84	1582/83	1581/82	1580/81	1579/80	1578/79	1577/78	1576/77	1575/76	1574/75	1573/74	1572/73	1571/72	1570/71	1569/70	1568/69	1567/68	1566/67	1565/66	1564/65	1563/64	1562/63	1561/62	1560/61	1559/60	1558/59	1557/58	1556/57	1555/56	1554/55	1553/54	1552/53	1551/52	1550/51	1549/50	1548/49	1547/48	1546/47	1545/46	1544/45	1543/44	1542/43	1541/42	1540/41	1539/40	1538/39	1537/38	1536/37	1535/36	1534/35	1533/34	1532/33	1531/32	1530/31	1529/30	1528/29	1527/28	1526/27	1525/26	1524/25	1523/24	1522/23	1521/22	1520/21	1519/20	1518/19	1517/18	1516/17	1515/16	1514/15	1513/14	1512/13	1511/12	1510/11	1509/10	1508/09	1507/08	1506/07	1505/06	1504/05	1503/04	1502/03	1501/02	1500/01	1499/00	1498/99	1497/98	1496/97	1495/96	1494/95	1493/94	1492/93	1491/92	1490/91	1489/90	1488/89	1487/88	1486/87	1485/86	1484/85	1483/84	1482/83	1481/82	1480/81	1479/80	1478/79	1477/78	1476/77	1475/76	1474/75	1473/74	1472/73	1471/72	1470/71	1469/70	1468/69	1467/68	1466/67	1465/66	1464/65	1463/64	1462/63	1461/62	1460/61	1459/60	1458/59	1457/58	1456/57	1455/56	1454/55	1453/54	1452/53	1451/52	1450/51	1449/50	1448/49	1447/48	1446/47	1445/46	1444/45	1443/44	1442/43	1441/42	1440/41	1439/40	1438/39	1437/38	1436/37	1435/36	1434/35	1433/34	1432/33	1431/32	1430/31	1429/30	1428/29	1427/28	1426/27	1425/26	1424/25	1423/24	1422/23	1421/22	1420/21	1419/20	1418/19	1417/18	1416/17	1415/16	1414/15	1413/14	1412/13	1411/12	1410/11	1409/10	1408/09	1407/08	1406/07	1405/06	1404/05	1403/04	1402/03	1401/02	1400/01	1399/00	1398/99	1397/98	1396/97	1395/96	1394/95	1393/94	1392/93	1391/92	1390/91	1389/90	1388/89	1387/88	1386/87	1385/86	1384/85	1383/84	1382/83	1381/82	1380/81	1379/80	1378/79	1377/78	1376/77	1375/76	1374/75	1373/74	1372/73	1371/72	1370/71	1369/70	1368/69	1367/68	1366/67	1365/66	1364/65	1363/64	1362/63	1361/62	1360/61	1359/60	1358/59	1357/58	1356/57	1355/56	1354/55	1353/54	1352/53	1351/52	1350/51	1349/50	1348/49	1347/48	1346/47	1345/46	1344/45	1343/44	1342/43	1341/42	1340/41	1339/40	1338/39	1337/38	1336/37	1335/36	1334/35	1333/34	1332/33	1331/32	1330/31	1329/30	1328/29	1327/28	1326/27	1325/26	1324/25	1323/24	1322/23	1321/22	1320/21	1319/20	1318/19	1317/18	1316/17	1315/16	1314/15	1313/14	1312/13	1311/12	1310/11	1309/10	1308/09	1307/08	1306/07	1305/06	1304/05	1303/04	1302/03	1301/02	1300/01	1299/00	1298/99	1297/98	1296/97	1295/96	1294/95	1293/94	1292/93	1291/92	1290/91	1289/90	1288/89	1287/88	1286/87	1285/86	1284/85	1283/84	1282/83	1281/82	1280/81	1279/80	1278/79	1277/78	1276/77	1275/76	1274/75	1273/74	1272/73	1271/72	1270/71	1269/70	1268/69	1267/68	1266/67	1265/66	1264/65	1263/64	1262/63	1261/62	1260/61	1259/60	1258/59	1257/58	1256/57	1255/56	1254/55	1253/54	1252/53	1251/52	1250/51	1249/50	1248/49	1247/48	1246/47	1245/46	1244/45	1243/44	1242/43	1241/42	1240/41	1239/40	1238/39	1237/38	1236/37	1235/36	1234/35	1233/34	1232/33	1231/32	1230/31	1229/30	1228/29	1227/28	1226/27	1225/26	1224/25	1223/24	1222/23	1221/22	1220/21	1219/20	1218/19	1217/18	1216/17	1215/16	1214/15	1213/14	1212/13	1211/12	1210/11	1209/10	1208/09	1207/08	1206/07	1205/06	1204/05	1203/04	1202/03	1201/02	1200/01	1199/00	1198/99	1197/98	1196/97	1195/96	1194/95	1193/94	1192/93	1191/92	1190/91	1189/90	1188/89	1187/88	1186/87	1185/86	1184/85	1183/84	1182/83	1181/82	1180/81	1179/80	1178/79	1177/78	1176/77	1175/76	1174/75	1173/74	1172/73	1171/72	1170/71	1169/70	1168/69	1167/68	1166/67	1165/66	1164/65	1163/64	1162/63	1161/62	1160/61	1159/60	1158/59	1157/58	1156/57	1155/56	1154/55	1153/54	1152/53	1151/52	1150/51	1149/50	1148/49	1147/48	1146/47	1145/46	1144/45	1143/44	1142/43	1141/42	1140/41	1139/40	1138/39	1137/38	1136/37	1135/36	1134/35	1133/34	1132/33	1131/32	1130/31	1129/30	1128/29	1127/28	1126/27	1125/26	1124/25	1123/24	1122/23	1121/22	1120/21	1119/20	1118/19	1117/18	1116/17	1115/16	1114/15	1113/14	1112/13	1111/12	1110/11	1109/10	1108/09	1107/08	1106/07	1105/06	1104/05	1103/04	1102/03	1101/02	1100/01	1099/00	1098/99	1097/98	1096/97	1095/96	1094/95	1093/94	1092/93	1091/92	1090/91	1089/90	1088/89	1087/88	1086/87	1085/86	1084/85	1083/84	1082/83	1081/82	1080/81	1079/80	1078/79	1077/78	1076/77	1075/76	1074/75	1073/74	1072/73	1071/72	1070/71	1069/70	1068/69	1067/68	1066/67	1065/66	1064/65	1063/64	1062/63	1061/62	1060/61	1059/60	1058/59	1057/58	1056/57	1055/56	1054/55	1053/54	1052/53	1051/52	1050/51	1049/50	1048/49	1047/48	1046/47	1045/46	1044/45	1043/44	1042/43	1041/42	1040/41	1039/40	1038/39	1037/38	1036/37	1035/36	1034/35	1033/34	1032/33	1031/32	1030/31	1029/30	1028/29	1027/28	1026/27	1025/26	1024/25	1023/24	1022/23	1021/22	1020/21	1019/20	1018/19	1017/18	1016/17	1015/16	1014/15	1013/14	1012/13	1011/12	1010/11	1009/10	1008/09	1007/08	1006/07	1005/06	1004/05	1003/04	1002/03	1001/02	1000/01	999/00	998/99	997/98	996/97	995/96	994/95	993/94	992/93	991/92	990/91	989/90	988/89	987/88	986/87	985/86	984/85	983/84	982/83	981/82	980/81	979/80	978/79	977/78	976/77	975/76	974/75	973/74	972/73	971/72	970/71	969/70	968/69	967/68	966/67	965/66	964/65	963/64	962/63	961/62	960/61
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MURRAY INVESTMENT REWRITING									
WORLDWIDE									
300 E. STREET E. CANADIAN									
(416) 593-8811									
Continued									
African									
	Price	Div. Yr.	Div. %	P/E	Yield	Div. Yr.	Div. %	P/E	Yield
38	38	1	2.6	15	1.7	1	2.6	15	1.7
19	19	1	2.6	15	1.7	1	2.6	15	1.7
Australians									
23	23	1	2.6	15	1.7	1	2.6	15	1.7
59	59	1	2.6	15	1.7	1	2.6	15	1.7
352	352	1	2.6	15	1.7	1	2.6	15	1.7
245	245	1	2.6	15	1.7	1	2.6	15	1.7
245	245	1	2.6	15	1.7	1	2.6	15	1.7
27	27	1	2.6	15	1.7	1	2.6	15	1.7
260	260	1	2.6	15	1.7	1	2.6	15	1.7
27	27	1	2.6	15	1.7	1	2.6	15	1.7
805	805	1	2.6	15	1.7	1	2.6	15	1.7
220	220	1	2.6	15	1.7	1	2.6	15	1.7
2	2	1	2.6	15	1.7	1	2.6	15	1.7
9	9	1	2.6	15	1.7	1	2.6	15	1.7
2	2	1	2.6	15	1.7	1	2.6	15	1.7
175	175	1	2.6	15	1.7	1	2.6	15	1.7
155	155	1	2.6	15	1.7	1	2.6	15	1.7
2	2	1	2.6	15	1.7	1	2.6	15	1.7
265	265	1	2.6	15	1.7	1	2.6	15	1.7
11	11	1	2.6	15	1.7	1	2.6	15	1.7
34	34	1	2.6	15	1.7	1	2.6	15	1.7
159	159	1	2.6	15	1.7	1	2.6	15	1.7
7	7	1	2.6	15	1.7	1	2.6	15	1.7
108	108	1	2.6	15	1.7	1	2.6	15	1.7
48	48	1	2.6	15	1.7	1	2.6	15	1.7
262	262	1	2.6	15	1.7	1	2.6	15	1.7
18	18	1	2.6	15	1.7	1	2.6	15	1.7
60	60	1	2.6	15	1.7	1	2.6	15	1.7
18	18	1	2.6	15	1.7	1	2.6	15	1.7
247	247	1	2.6	15	1.7	1	2.6	15	1.7
2	2	1	2.6	15	1.7	1	2.6	15	1.7
Tins									
295	295	1	2.6	15	1.7	1	2.6	15	1.7
117	117	1	2.6	15	1.7	1	2.6	15	1.7
365	365	1	2.6	15	1.7	1	2.6	15	1.7
525	525	1	2.6	15	1.7	1	2.6	15	1.7
122	122	1	2.6	15	1.7	1	2.6	15	1.7
32	32	1	2.6	15	1.7	1	2.6	15	1.7
78	78	1	2.6	15	1.7	1	2.6	15	1.7
275	275	1	2.6	15	1.7	1	2.6	15	1.7
32	32	1	2.6	15	1.7	1	2.6	15	1.7
95	95	1	2.6	15	1.7	1	2.6	15	1.7
288	288	1	2.6	15	1.7	1	2.6	15	1.7
18	18	1	2.6	15	1.7	1	2.6	15	1.7
247	247	1	2.6	15	1.7	1	2.6	15	1.7
2	2	1	2.6	15	1.7	1	2.6	15	1.7
Miscellaneous									
70	70	1	2.6	15	1.7	1	2.6	15	1.7
125	125	1	2.6	15	1.7	1	2.6	15	1.7
30	30	1	2.6	15	1.7	1	2.6	15	1.7
50	50	1	2.6	15	1.7	1	2.6	15	1.7
495	495	1	2.6	15	1.7	1	2.6	15	1.7
132	132	1	2.6	15	1.7	1	2.6	15	1.7
51	51	1	2.6	15	1.7	1	2.6	15	1.7
475	475	1	2.6	15	1.7	1	2.6	15	1.7
NOTES									
<p>and/or dividends, rates are given as a percentage of the price of the security. The price of the security is the price of the security as of the date of the offering. The price of the security is the price of the security as of the date of the offering.</p> <p>These are calculated on the basis of the price of the security as of the date of the offering. The price of the security is the price of the security as of the date of the offering.</p> <p>These are calculated on the basis of the price of the security as of the date of the offering. The price of the security is the price of the security as of the date of the offering.</p> <p>These are calculated on the basis of the price of the security as of the date of the offering. The price of the security is the price of the security as of the date of the offering.</p> <p>These are calculated on the basis of the price of the security as of the date of the offering. 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## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar finishes below best levels

The dollar closed mostly firmer compared with Friday's levels but was below the day's best levels. In early trading the dollar had been marked up on a disappointment that the U.S. discount rate had not been cut on Friday but renewed hopes of an easier trend in the near future with a reluctance to trade ahead of Wednesday's testimony in Congress by Federal Reserve Chairman Paul Volcker saw the U.S. unit lose ground from opening levels.

Sterling remained on the sidelines, easing slightly against the dollar but showing a small improvement against some European currencies.

**DOLLAR** — Trade weighted index (Bank of England) 119.5 against 122.4 six months ago. The dollar is much stronger compared with levels at the start of the year as the expected fall in U.S. interest rates has failed to materialise. High Federal Reserve requirements have also kept rates firm although a softer trend has developed recently as speculation about an easing of monetary policy and signs of an economic recovery in the U.S.

The dollar closed at DM 2.4155 against the D-mark down from a high of DM 2.4260 but up from Friday's level of DM 2.4025. Against the Swiss franc it finished at Sfr 2.0085 from

Sfr 2.0025 and Y235.0 from Y234.25. It was better off the close against the French franc at FF 6.8425 compared with FF 6.8125.

**STERLING** — Trading range against the dollar 1.5285 to 1.5310, January average 1.5235. The pound is trading at 80.7 against 80.8 at noon and 80.7 in the morning and compared with 80.9 on Friday and 80.9 six months ago. The pound is showing signs of stability after a period of extreme weakness caused by fears of lower world oil prices and uncertainty about an early general election. Sterling is recovering slowly helped by a recent softening of the U.S. dollar.

Sterling closed at \$1.5315 against the dollar and rose to a best level of \$1.5400 before

## EMS EUROPEAN CURRENCY UNIT RATES

Country	ECU central rate	% change from Feb 14 1983	% change from Jan 1 1983	Divergence from ECU
Belgium Franc	40.3394	+0.01	+0.01	+0.01
German Mark	6.5637	-0.01	-0.01	-0.01
French Franc	6.5596	-0.01	-0.01	-0.01
Italian Lira	1,936.27	+0.01	+0.01	+0.01
Netherlands Guilder	3.7603	+0.01	+0.01	+0.01
Portugal Escudo	200.484	+0.01	+0.01	+0.01
Spanish Peseta	166.639	+0.01	+0.01	+0.01
Swiss Franc	2.0037	+0.01	+0.01	+0.01
UK Pound	0.7875	+0.01	+0.01	+0.01

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

finishing at \$1.5380-1.5385, a fall of 68 points. Against the D-mark it rose to DM 3.72 from DM 3.7125 but was unchanged against the Swiss franc at Sfr 3.0925. It was slightly lower in terms of the yen at Y235.0 from Y234.25 but rose to Y235.0 from Y234.25. Trade weighted index 122.4 against 122.4 six months ago. The D-mark has been unsettled in the run up to a March general election. Favourable trade figures and little hope of a cut in rates before March have helped to underpin the currency however and sentiment has been helped recently by a weakening in the U.S. dollar.

**DMARK** — Trading range against the dollar 1.5285 to 1.5310, January average 1.5235. The D-mark is trading at 80.7 against 80.8 at noon and 80.7 in the morning and compared with 80.9 on Friday and 80.9 six months ago. The D-mark is showing signs of stability after a period of extreme weakness caused by fears of lower world oil prices and uncertainty about an early general election. Sterling is recovering slowly helped by a recent softening of the U.S. dollar.

Sterling closed at \$1.5315 against the dollar and rose to a best level of \$1.5400 before

## CURRENCY MOVEMENTS

Country	Bank of England Index	% change from Feb 14 1983	% change from Jan 1 1983	Divergence from ECU
Belgium Franc	40.3394	+0.01	+0.01	+0.01
German Mark	6.5637	-0.01	-0.01	-0.01
French Franc	6.5596	-0.01	-0.01	-0.01
Italian Lira	1,936.27	+0.01	+0.01	+0.01
Netherlands Guilder	3.7603	+0.01	+0.01	+0.01
Portugal Escudo	200.484	+0.01	+0.01	+0.01
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Swiss Franc	2.0037	+0.01	+0.01	+0.01
UK Pound	0.7875	+0.01	+0.01	+0.01

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Business levels were lower than usual in Frankfurt yesterday with some parts of the country affected by carnival celebrations. The dollar rose initially on an unchanged U.S. discount rate and was fixed at DM 2.4025 compared with DM 2.4052 on Friday. Sterling was slightly higher at DM 3.72 against DM 3.7150 while the Swiss franc eased to Sfr 3.0925 from Sfr 3.0952. Within the EMS the Belgian franc was unchanged at FF 6.8425 but the French franc improved to DM 3.72 per FF 100 from DM 3.7150.

**FRENCH FRANC** — Trading range against the dollar 1.5285 to 1.5310, January average 1.5235. The French franc is trading at 80.7 against 80.8 at noon and 80.7 in the morning and compared with 80.9 on Friday and 80.9 six months ago. The French franc is showing signs of stability after a period of extreme weakness caused by fears of lower world oil prices and uncertainty about an early general election. Sterling is recovering slowly helped by a recent softening of the U.S. dollar.

Sterling closed at \$1.5315 against the dollar and rose to a best level of \$1.5400 before

## CURRENCY RATES

Country	Bank of England Index	% change from Feb 14 1983	% change from Jan 1 1983	Divergence from ECU
Belgium Franc	40.3394	+0.01	+0.01	+0.01
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UK Pound	0.7875	+0.01	+0.01	+0.01

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## Quiet trading

Trading was rather quiet in most sectors of the London International Financial Futures Exchange yesterday. Euro-dollar prices closed quite high on Friday and initial trading in London saw the March price dip to 90.50 from 90.96 on Friday. The fall also reflected a slight firming in Euro-dollar cash prices following Friday's unchanged discount rate. There was also a downward trend on the latest set of U.S. money supply figures. However, this was not sustained as a closer look revealed that M1 and M2 figures had shown a smaller rise than that seen on the surface, after taking into account revisions in previous figures. Consequently the market rallied after the first 10 minutes. Prices drifted later in the day as Chicago entered on a softer note

but soon bounced back as values there started to rise. The March price traded between a high of 90.96 and a low of 90.77 before finishing at 90.51. There was some disappointment in the market following the recent FOAC meeting which implemented little change in money supply aggregates. Hopes that the Federal authorities would go all out for an easier course were not fulfilled with guidelines basically following their existing course.

Prices in the gilt sector opened firmer and continued to improve, with late demand pushing values to their best level of the day. The March price opened at 100.34 and finished at 101.14 up from 100.34 at 10.15. Short sterling contracts for March delivery traded in a very narrow six point spread all day with sterling showing little overall movement and cash rates virtually static.

## LONDON

Month	High	Low	Prev
March	90.96	90.51	90.51
April	90.96	90.51	90.51
May	90.96	90.51	90.51
June	90.96	90.51	90.51
July	90.96	90.51	90.51
August	90.96	90.51	90.51
September	90.96	90.51	90.51
October	90.96	90.51	90.51
November	90.96	90.51	90.51
December	90.96	90.51	90.51

Previous day's open int. 3.327 (3.24)

## CHICAGO

Month	High	Low	Prev
March	90.96	90.51	90.51
April	90.96	90.51	90.51
May	90.96	90.51	90.51
June	90.96	90.51	90.51
July	90.96	90.51	90.51
August	90.96	90.51	90.51
September	90.96	90.51	90.51
October	90.96	90.51	90.51
November	90.96	90.51	90.51
December	90.96	90.51	90.51

Previous day's open int. 3.327 (3.24)

## U.S. TREASURY BONDS (CBT) 2%

Month	High	Low	Prev
March	90.96	90.51	90.51
April	90.96	90.51	90.51
May	90.96	90.51	90.51
June	90.96	90.51	90.51
July	90.96	90.51	90.51
August	90.96	90.51	90.51
September	90.96	90.51	90.51
October	90.96	90.51	90.51
November	90.96	90.51	90.51
December	90.96	90.51	90.51

Previous day's open int. 3.327 (3.24)

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March	90.96	90.51	90.51
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November	90.96	90.51	90.51
December	90.96	90.51	90.51

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## LONDON

CHICAGO				
U.S. TREASURY BONDS (CBT) 2% \$100,000 32nds of 100%				
	Latest	High	Low	Prev
March	74-06	74-12	73-25	74-04
June	72-00	72-00	71-28	71-29
Sept	73-00	73-02	72-20	72-28



[illegible]

هكذا صنع القوس

### III

[illegible]

[illegible]

## WestLB Euro-Deutschmarkbond Quotations and yields

## Advertisement

Issue	Midline Price	Current Yield	Yield to Maturity	Ltfr*	Repayment Semi-annual by lot at par Sinking fund P=interest free
8% ADELA 76/83	97.75	8.18	22.44	0.17	due 1. 4.83
7 1/2% African Dev. Bank 78/86	96.20	8.13	8.43	3.33	1. 8.88
8% African Dev. Bank 78/87	96.75	8.57	8.98	4.75	1. 11.87
8% Air Canada 78/85	96.75	8.57	8.98	4.75	1. 11.87
8% Airport Pans 69/84 PP (D)	96.60	8.63	8.49	1.08	1. 3.75-84D
8% Airport Pans 82/86	100.50	8.21	6.15	7.99	15.12.88-92S
8% AKZO 76/83 PP	96.75	8.17	7.63	4.77	1. 4.83
8% AKZO 78/86 PP	96.50	8.22	9.27	1.17	1. 4.84
8% AKZO 79/84 PP	95.25	8.62	8.30	3.08	1. 3.88
8% AKZO 80/82	96.00	8.52	8.22	3.08	1. 3.88
8% AKZO 82/88	106.25	8.34	9.19	8.42	1. 7.89
8% Alusuisse Int'l 75/83	100.75	8.18	6.94	5.50	1. 6.81-83D
8% Argentine 78/85	100.75	8.52	8.63	3.08	15. 1.88
8% AMEX Int'l 77/84 PP	96.50	6.98	6.11	3.96	15. 1.88
8% ARBED Finance 78/83 PP	94.75	8.16	15.54	0.76	1. 11.83
8% ARBED Finance 79/87	96.00	8.13	8.13	4.42	1. 4.83
8% ARBED Finance 79/88 PP	84.50	6.88	13.05	3.67	1. 10.88
8% ARBED Finance 80/87 PP	88.00	10.47	13.43	4.33	1. 6.87
8% Ardal-Sunddal 77/88 PP	96.00	7.03	8.1	3.26	1. 7.52-89D
10 1/4% Ardal-Sunddal 81/88	106.75	10.07	8.26	6.42	1. 7.88
7 1/2% Argentine 77/84	90.25	8.31	14.41	0.67	1. 10.84
7 1/2% Argentine 78/86	83.00	7.83	15.61	0.68	1. 3.85
6 1/2% Argentine 78/86	73.75	8.51	16.78	3.80	1. 11.84-88D
7 1/2% Argentine 79/88	72.00	10.42	14.81	3.25	1. 5.85-89S
7 1/2% Asian Dev. 8k. 80/88	100.00	8.87	6.81	1.08	1. 9.75-84S
7 1/2% Asian Dev. 8k. 79/85 PP	98.00	8.20	8.92	1.07	due 1. 8.83
7 1/2% Asian Dev. 8k. 77/88	39.00	7.07	7.50	2.17	1. 4.85
7 1/2% Asian Dev. 8k. 78/88	91.50	6.91	7.51	5.25	1. 5.88
7 1/2% Asian Dev. 8k. 79/88	96.00	6.87	7.86	5.69	1. 5.88
7 1/2% Asian Dev. 8k. 80/80	88.98	6.40	6.43	7.75	1. 11.90
7 1/2% Asian Dev. 8k. 80/83	105.25	8.50	8.57	7.75	1. 6.90
10 1/4% Asian Dev. 8k. 81/81	105.25	8.50	8.57	7.75	1. 6.90
10 1/4% Asian Dev. 8k. 81/88	107.75	8.88	9.13	6.71	15. 10.88
8 1/2% Asian Dev. 8k. 82/82	105.25	8.50	8.57	7.75	1. 6.90
8 1/2% Asian Dev. 8k. 82/82	103.50	8.84	6.88	9.94	15. 8.82
8 1/2% Asian Dev. 8k. 82/82	98.38	8.30	6.34	8.79	15. 11.82
8 1/2% Asian Dev. 8k. 82/82	98.38	8.30	6.34	8.79	15. 11.82
8% Aumst 78/84 (G)	101.00	8.51	7.86	1.00	15. 8.71-84S
8% Austria 77/84 (G)	88.25	7.81	8.27	1.42	1. 7.84
6 1/2% Austria 78/84	96.00	7.81	7.81	4.42	1. 7.84
6 1/2% Austria 80/84	104.75	9.21	1.60	1.00	1. 2.75-84S
7 1/2% Austria 82/87	100.00	7.81	7.81	4.42	1. 7.84
7 1/2% Austria 77/88	100.00	5.80	5.45	2.13	1. 2.75-87S
7 1/2% Austria 78/88	98.25	7.25	7.82	0.08	due 1. 3.83
5 1/2% Austria 77/83	84.75	8.07	6.74	8.76	1. 11.85-88S
5 1/2% Austria 78/83	88.00	7.80	6.58	8.58	1. 11.85
8% Australia 80/87 PP	104.00	7.88	6.89	4.83	1. 12.87
8% Australia 80/87	104.00	7.88	6.89	4.83	1. 12.87
8% Australia 82/91	108.75	8.62	7.87	8.04	15. 2.51
8% Australia 81/81	105.50	8.54	7.89	8.87	15. 12.91
8% Australia 82/88	105.50	8.54	7.89	8.87	15. 12.91
6 1/2% Australia 83/86	96.00	7.02	7.18	9.92	1. 1.83
6 1/2% Aust. Ind. Dev. Corp 72/87	87.50	6.89	7.83	2.88	1. 11.78-87D
8% Rep. of Austria 77/87	100.00				
8% Rep. of Austria 78/87	100.00	7.83	7.83	4.42	1. 7.83
8% Rep. of Austria 75/83 PP	100.00	7.85	8.44	1.07	due 1. 4.75-83D
8% Rep. of Austria 75/87	101.75	7.85	7.83	2.25	1. 5.78-87S
8% Rep. of Austria 77/87	100.00	7.85	7.83	4.42	1. 7.83
8% Rep. of Austria 77/85	99.00	6.82	7.26	2.17	1. 4.83-85S
8% Rep. of Austria 77/87	67.50	7.18	8.19	2.37	1. 1.83-87D
8% Rep. of Austria 78/87 PP	100.00	7.85	7.83	4.42	1. 7.83
8% Rep. of Austria 77/87	84.00	6.38	8.50	3.03	1. 9.84-87D
5 1/2% Rep. of Austria 78/88 PP	53.00	6.18	8.19	3.38	15. 7.78-88D
5 1/2% Rep. of Austria 78/88	53.00	6.18	8.19	3.38	15. 7.78-88D
5 1/2% Rep. of Austria 79/84 PP	96.20	6.85	7.75	1.58	1. 8.84
5 1/2% Rep. of Austria 78/87 PP	95.25	7.23	8.20	4.50	1. 9.84
6 1/2% Rep. of Austria 79/89 PP	94.25	6.25	6.44	6.27	3.36
					1. 9.84-89D

	Issue	Middle Price	Current Yield	Yield to Maturity <sup>a</sup>	Life*	Repayment Contingency covering by lot or par Sinking fund Purchase price
7½%	Denmark 80/86	98.50	7.81	8.07	3.00	1, 2.985
8½%	Denmark 80/92	99.75	8.27	8.39	3.00	1, 2.52P
9¼%	Denmark 80/90 PP	100.00	9.45	9.39	7.25	1, 6.590
10½%	Denmark 82/96	100.00	10.38	10.38	7.50	1, 6.080
10½%	Denmark 82/92	107.25	6.44	6.82	9.08	1, 3.33
6¾%	Den Norske Ind. 77/89 (G)	97.75	6.81	7.55	3.19	1, 6.80-89D
7½%	Den Norske Ind. 80/90 (G)	97.75	6.81	7.55	3.19	1, 6.80-89D
6¾%	Eci Paris 68/84 (G)	96.75	6.82	8.70	1.17	1, 4.75-84D
7½% E.C.	78/83	100.00	7.25	7.03	1.01	due 1, 4.83
7½% E.C.	78/83	100.00	7.25	7.03	1.01	due 1, 4.83
9¼%	EEC 81/83	107.50	8.42	8.52	5.96	18, 10.93
9¼%	EEC 82/84	107.00	9.11	6.44	7.50	18, 4.87-94D
7½% EEC	83/85	100.00	7.99	8.16	2.52	15, 2.38-85D
8½%	EEC 83/85	97.50	7.75	8.21	7.50	15, 2.38-95
8½%	Elecir. de France 80/88 PP (G)	100.25	8.23	8.18	7.76	1, 1.183
8½%	Elecir. de France 83/83 (G)	100.00	8.23	8.18	7.76	1, 1.183
7½%	Elektrobra 71/87 (G)	98.15	7.28	8.02	4.58	1, 9.83 (3-87)
7½%	Elektrobra 78/85 (G)	75.00	9.00	17.68	3.17	1, 4.86
7½%	Elektrobra 79/87	71.50	8.77	18.49	4.00	1, 2.27-87
7½%	Elva Aquino 81/88	98.50	8.32	8.11	11.00	15, 6.56-88D
5½%	Ekram 78/88 PP	98.50	8.50	10.06	3.24	1, 6.84-88D
5½%	Emhart 82/88	104.50	8.32	7.78	6.42	1, 7.59
6½%	ENEL 82/86	99.50	8.82	8.97	6.87	18, 12.89
6½%	Ertiscon 72/87	95.00	6.79	6.86	4.08	1, 2.78-87S
6½%	ESCOM 68/88 (G)	98.00	6.97	8.01	6.07	1, 10.74-30D
6½%	ESCOM 70/88 (G)	98.00	6.97	8.01	6.07	1, 10.74-30D
8½%	ESCOM 71/88 (G)	100.00	8.00	8.15	2.06	1, 3.77-88D
8½%	ESCOM 72/87 (G)	97.00	8.44	7.98	3.51	1, 9.76-87D
8½%	ESCOM 73/88	97.00	8.44	7.98	3.51	1, 9.76-87D
8½%	ESCOM 78/84 PP (G)	97.75	8.18	9.41	1.75	1, 1.184
8½%	ESCOM 78/84 PP (G)	98.00	8.84	9.42	1.50	1, 8.84
8½%	ESCOM 80/87 PP (G)	100.00	8.84	9.42	1.50	1, 8.84
8½%	ESCOM 80/87 PP (G)	100.00	8.84	9.42	1.50	1, 8.84-87D
8½%	ESCOM 80/89 (G)	102.40	8.28	9.02	7.33	1, 6.50
7½%	ESTEL 73/88	92.00	8.42	9.87	5.50	1, 8.75-88S
7½%	ESTEL 74/88	92.00	8.42	9.87	5.50	1, 8.75-88S
8½%	ESTEL 76/83 PP	99.00	8.58	20.88	0.08	due 1, 3.83
8½%	ESTEL 77/84 PP	81.75	7.08	11.93	1.75	1, 1.184
8½%	ESTEL 78/81 PP	81.75	7.08	11.93	1.75	1, 1.184-84D
7½%	ESTEL 78/86 PP	68.80	7.06	11.48	2.87	1, 10.86
7½%	ESTEL 78/86	68.80	7.06	11.48	2.87	1, 10.86
7½%	ESTEL 78/86 PP	68.80	7.06	11.48	2.87	1, 10.86
8½%	ETEL 80/87 PP	98.00	9.23	11.28	3.87	15, 12.99
8½%	ETEL 80/87 PP	97.50	8.70	11.42	4.37	15, 6.87
9¼%	Euromit 71/87	97.00	6.70	7.15	4.75	1, 11.17
6½%	Eurolm 81/87	83.25	6.70	8.17	4.31	6, 2.84-91D
6½%	Eurolm 81/87	100.25	6.48	5.97	9.99	1, 8.71-93D
6½%	Eurolm 82/87	100.00	6.48	5.97	9.99	1, 8.71-93D
6½%	Eurolm 82/87	95.50	6.81	8.84	3.00	1, 3.77-88D
8½%	Eurolm 73/87	100.50	7.73	6.99	3.07	1, 10.77-89D
6½%	Eurolm 73/88 PP	96.75	7.86	7.61	8.83	1

	Issue	Midlife Price	Current Yield	Yield to Maturity	Life*	Payment† or mandatory drawing by lot at par Sinking fund Purchase fund
10% Jysk Telefon 82.58 (G)	104.50	8.53	8.20	3.67	1,10.88	
7% Jysk Telefon 69.84	100.00	7.25	7.37	1.62	15, 8.77-645	
5% Jysk Telefon 72.87	100.00	7.11	8.24	1.08	1, 7.88-87D	
5% Jysk Telefon 72.88	99.25	7.11	8.24	1.08	1, 7.88-87D	
8% Jysk Telefon 70.84	99.25	8.84	8.83	7.00	1, 1.20	
5% Kansai Electric 99.34	99.75	7.07	7.11	1.08	1, 7.25-84B	
5% Kansai Electric 91.08	99.75	7.07	7.11	1.08	1, 7.25-84B	
5% KSLAG 73.88	96.50	6.95	7.09	5.25	1, 5.78-88B	
5% KHL Finance 72.87	99.50	6.98	6.98	4.25	1, 5.78-88B	
5% Kobanishi Tel. Comp. 76.53 PP	99.50	6.98	6.98	4.25	1, 5.78-88B	
7% Kiebanhang Tel. 72.87	87.50	7.69	8.43	3.92	2, 1.73-87B	
7% Kiebanhava Tel. 72.87	95.75	7.31	8.21	4.25	1, 5.78-87B	
5% Kiebanhava Tel. 73.88	95.75	7.31	8.21	4.25	1, 5.78-87B	
5% KLM Royal Dutch Airt. 76.55 PP	94.75	5.28	8.74	1.74	1, 5.78-85D	
5% Koba 68.93 (G)	100.25	6.93	6.23	0.33	1, 6.72-82B	
5% Koba 68.93 (G)	100.25	6.93	6.23	0.33	1, 6.72-82B	
5% Koba 71.78 (G)	100.00	7.67	7.22	2.12	1, 2.77-85B	
5% Koba 72.87 (G)	100.00	7.25	6.24	4.25	1, 5.78-87B	
5% Koba 73.88 (G)	100.00	7.25	6.24	4.25	1, 5.78-87B	
5% Koba 77.87 (G)	98.50	6.60	8.30	3.33	1, 6.87	
5% Koba 78.96 (G)	98.50	2.87	6.41	4.22	1, 7.86	
5% Koba 79.88 (G)	100.10	7.12	7.10	6.87	1, 10.89	
5% Koba 80.90 (G)	100.75	7.79	7.19	7.42	1, 10.89	
5% Kemmuni. Indat. 76.93	88.95	7.75	7.81	0.17	due 1, 4.81-83D	
5% Kemmuni. Indat. 76.94	100.65	7.95	7.36	1.20	15, 10.77-84D	
5% Kienhagan 82.58	100.75	8.14	8.84	1.66	1, 8.44-92B	
5% Kowas Dev. Bank 71.84 (G)	95.50	7.59	10.03	1.83	1, 11.84	
5% Light-Services 76.86 (G)	83.00	6.18	8.48	3.00	1, 2.84-88D	
5% Light-Services 80.80 (G)	100.75	8.14	8.84	1.66	1, 8.44-92B	
5% Lufthansa Indat. 76.93 PP	72.00	11.61	17.61	4.20	16, 1.60-80D	
5% Lufthansa Indat. 76.94	100.80	8.51	8.99	4.22	2, 5.87	
5% Malaysia 72.84	100.50	5.97	6.30	0.83	1, 6.75-84D	
5% Malaysia 72.84	100.50	5.97	6.30	0.83	1, 6.75-84D	
5% Malaysia 72.84	100.50	5.97	6.30	0.83	1, 6.75-84D	
5% Maimae 75.84	105.00	8.81	9.05	2.16	1, 2.81-84D	
5% Maimoe 76.83	100.00	7.25	7.26	0.05	due 1, 3.89-83D	
5% Maimoe 76.83	100.00	7.25	7.26	0.05	due 1, 3.89-83D	
5% Menat. Hydre El 71.87	96.50	6.85	7.15	4.33	1, 6.78-87G	
5% McDonald's 82.92	104.00	7.93	7.63	0.67	1, 13.92	
5% McDonald's 82.93	104.00	7.93	7.63	0.67	1, 13.92	
5% Megel Fin. Comp. 76.89	92.36	7.77	7.71	0.32	2, 1.86-90B	
5% Megel Fin. Comp. 76.89	94.75	7.39	8.11	6.17	1, 4.87-89P	
5% MEF 73.88	100.75	8.14	8.84	1.66	1, 8.44-92B	
7% Masaco 71.88	73.00	9.93	15.88	4.12	1, 1.70-85B	
5% Masaco 76.83	95.25	4.40	23.79	0.21	1, 6.81	
5% Masaco 76.83	95.25	4.40	23.79	0.21	1, 6.81	
5% Masaco 76.85	95.25	4.40	23.79	0.21	1, 6.81	
5% Masaco 76.85	95.25	4.40	23.79	0.21	1, 6.81	
5% Masaco 76.85	95.25	4.40	23.79	0.21	1, 6.81	
5% Masaco 76.85	95.25	4.40	23.79	0.21	1, 6.81	
5% Micholin Finance 80.67 PP	102.00	11.36	13.01	5.67	16	
5% Midland Ind. Fin. 90.90	100.80	8.58	8.78	8.78	7, 15.93	
5% Midland Ind. Fin. 90.90	100.80	8.52	7.92	1.25	30, 2.84	
5% Mitsubishi Heavy Ind. 82.87	100.75	7.62	7.82	0.83	1, 7.82-87B	
5% Mitsubishi Heavy Ind. 82.87	99.25	5.79	7.02	0.58	1, 9.33	
5% Mitsubishi Heavy Ind. 82.87	99.25	5.79	7.02	0.58	1, 9.33	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.88	97.25	7.20	7.20	0.36	40, 7.00-83D	
5% Montreal 83.						

**WestLB SD Certificates (Schuldschein-Index)**  
**5 years maturity : 7.80%**

[illegible]

6%	Europ.	Inv.	Bank	73/88	99.50	6.76	6.67	5.00	1. 7.79-88S
7%	Europ.	Inv.	Bank	73/88	99.75	7.02	7.04	5.42	1. 7.79-88S
8%	Europ.	Inv.	Bank	76/83	100.20	7.98	7.32	0.42	1. 7.80-83D
7%	Europ.	Inv.	Bank	76/83 PP	100.00	7.75	7.65	0.67	1.10.83
6%	Europ.	Inv.	Bank	76/84	100.88	8.71	8.20	1.33	1.12.81-84D
6%	Europ.	Inv.	Bank	77/84	84.50	6.32	7.77	3.25	1. 8.82-89D

[illegible]

94% Nat'l, Mexico 77/88 PP (U) .....	92.00	9.51	17.42	1.08	1	3.24
11% Nat'l, America 82/90 (G) .....	78.00	14.10	16.47	7.08	1	3.30
81% Nat'l, Bk. Hungary 71/85 .....	98.90	7.57	12.88	2.75	1	11.85
7% Nat'l, Nederl, Fin, Mex 79/88 PP .....	97.75	7.16	7.71	3.67	1	10.36
8% Nat'l Westm. Bk. 72/88 .....	100.00	7.84	7.76	3.25	1	10.79—69%
11% Nat'l Westm. Bk. 81/91 .....	113.25	9.63	9.58	6.77	1	10.31

[illegible]

**WestLB Euro-Deutschmarkbond Yield Index**  
**January 31, 1983: 8.50% (December 30, 1982: 8.38%)**

8% <sup>1</sup>	Dest. Kontrollbank 80/87 (G)	102,40	7,81	7,29	4,00	1. 2,87
9% <sup>1</sup>	Dest. Kontrollbank 80/87 PP (G)	102,40	7,81	7,29	4,00	1. 15,88
9% <sup>1</sup>	Dest. Kontrollbank 80/88 (G)	103,00	6,26	7,82	7,75	1. 5,93
9% <sup>1</sup>	Dest. Kontrollbank 80/87 PP	102,75	8,78	8,19	4,39	1. 5,83
9% <sup>1</sup>	Dest. Kontrollbank 80/88	102,75	8,78	8,19	4,39	1. 5,83
7% <sup>1</sup>	Dest. Kontrollbank 80/86 PP (G)	100,75	7,76	7,65	6,38	1. 9,87
9% <sup>1</sup>	Dest. Kontrollbank 81/89	108,50	8,33	8,68	8,75	1. 11,91
9% <sup>1</sup>	Dest. Kontrollbank 81/89 PP	107,75	8,78	8,19	4,39	1. 5,83
9% <sup>1</sup>	Dest. Kontrollbank 82/88 PP	102,75	8,78	8,41	6,46	1. 10,78
9% <sup>1</sup>	Dest. Kontrollbank 82/87 (G)	102,75	8,78	8,41	6,46	1. 10,78
7% <sup>1</sup>	Dest. Kontrollbank 83/80 PP	98,00	7,62	7,82	7,00	1. 20,50
9% <sup>1</sup>	Ontario 89/84	100,30	6,26	4,17	1,00	1. 2,75-84D
9% <sup>1</sup>	Ontario 92/89	101,00	7,81	8,85	1,48	1. 3,72-89D
7% <sup>1</sup>	Ontario Hydro 71/86	101,70	7,87	8,64	2,23	1. 112,77-86D
7% <sup>1</sup>	Ontario Hydro 71/87	101,70	6,83	7,64	2,26	1. 6,80-87D
9% <sup>1</sup>	Ontario Hydro 73/88	99,50	8,85	8,85	8,00	1. 7,75-88S
7% <sup>1</sup>	Dalo 69/84	102,00	7,36	5,88	1,24	1. 11,75-84D
7% <sup>1</sup>	Dalo 71/87	701,26	7,41	7,07	2,64	1. 7,75-87S
9% <sup>1</sup>	Dalo 73/90	99,90	7,68	8,83	7,48	1. 7,76-00S
9% <sup>1</sup>	Dalo 75/87	106,00	8,67	6,80	2,71	1. 3,78-87S
9% <sup>1</sup>	Dalo 76/89	106,00	8,67	6,80	2,71	1. 3,78-89S
9% <sup>1</sup>	Pepus 74/86	99,20	8,40	8,92	4,42	1. 7,75-86S
9% <sup>1</sup>	Pepus 75/87	99,00	7,11	8,60	2,16	1. 6,83-87D
7% <sup>1</sup>	Parker-Hannifin 76/87 PP	95,90	9,31	10,93	0,63	1. 7,76-87D
6% <sup>1</sup>	Pemex 76/83	104,00	9,31	10,93	0,63	1. 11,25-83
7% <sup>1</sup>	Pemex 77/84	93,26	8,41	20,27	1,68	1. 2,84
9% <sup>1</sup>	Pemex 78/85	75,10	10,11	10,11	9,82	1. 6,80
11% <sup>1</sup>	Pemex 82/80	12,33	15,24	15,24	7,00	1. 6,80
7% <sup>1</sup>	Petrolebra 71/84	82,50	8,48	20,28	1,67	1. 10,84
7% <sup>1</sup>	Petrolebra 71/85	82,50	8,48	20,28	1,67	1. 10,84
8% <sup>1</sup>	Petrolebra 76/89	84,00	12,50	21,52	4,40	1. 10,95-89D
7% <sup>1</sup>	Phillipine 77/84	34,65	7,06	10,78	1,76	1. 11,84
7% <sup>1</sup>	Phillipine 78/85	34,65	7,06	10,78	1,76	1. 11,84
9% <sup>1</sup>	Phil Morris Int. 82/80	106,75	8,50	8,04	6,00	1. 2,86
9% <sup>1</sup>	Phil Morris Int. 82/90	106,75	8,50	8,04	6,00	1. 2,86
9% <sup>1</sup>	Philipp 82/82	106,75	8,04	7,61	6,37	1. 15,62
9% <sup>1</sup>	PK-Bank 78/86	91,65	8,27	8,87	3,17	1. 5,84-88D
9% <sup>1</sup>	Postbank 79/85	96,00	8,98	9,12	4,48	1. 5,84-85D
9% <sup>1</sup>	Puentea, Copenh. 71/83 PP	86,50	7,29	10,11	0,17	dup 1. 4,53
9% <sup>1</sup>	Pyrim Autobank 77/89 (G)	83,75	6,67	8,14	3,97	1. 9,84-89D
9% <sup>1</sup>	Qantas 72/87	99,00	7,29	7,29	7,29	1. 6,80-87D
7% <sup>1</sup>	Quebec 71/87	100,00	7,49	7,44	4,00	1. 2,87
7% <sup>1</sup>	Quebec 71/88	100,00	7,49	7,19	4,33	1. 6,67
9% <sup>1</sup>	Quebec 79/90	82,64	6,68	7,98	6,65	1. 9,85-90D
10% <sup>1</sup>	Quebec 82/82	109,50	9,51	9,07	8,58	1. 9,91
10% <sup>1</sup>	Quebec 82/84	109,50	9,38	8,81	8,04	1. 25,92
9% <sup>1</sup>	Quebec Hydro E 69/74	100,25	6,86	5,82	1,00	1. 2,76-84S
9% <sup>1</sup>	Quebec Hydro E 69/84	100,75	8,20	6,82	0,98	1. 2,76-84S
8% <sup>1</sup>	Quebec Hydro E 71/86	100,50	8,87	7,96	2,04	1. 8,77-86S
9% <sup>1</sup>	Quebec Hydro E 72/87	99,50	7,60	7,00	2,63	1. 4,78-87D
9% <sup>1</sup>	Quebec Hydro E 73/88	99,50	8,25	7,26	4,48	1. 3,80
9% <sup>1</sup>	Quebec Hydro E 71/87	97,26	6,98	7,03	4,54	1. 9,87P
9% <sup>1</sup>	Quebec Hydro E 71/89	97,26	6,83	6,93	4,83	1. 12,57P
9% <sup>1</sup>	Quebec Hydro E 81/81	106,75	8,04	7,61	6,37	1. 15,62
9% <sup>1</sup>	Queensland Aiu 70/85	80,00	8,67	7,73	7,17	1. 11,76-85S
9% <sup>1</sup>	Reusbank 68/83	81,10	6,31	9,16	3,06	1. 4,84-88D
9% <sup>1</sup>	Reusbank 68/83	81,10	6,31	9,16	3,06	1. 4,84-88D
7% <sup>1</sup>	Renault 72/88	96,76	7,29	7,29	7,29	1. 3,80
7% <sup>1</sup>	Renault 81/88 PP	98,00	7,86	8,33	2,58	1. 3,86
10% <sup>1</sup>	Renault 90/93 PP	106,75	10,11	8,69	3,42	1. 7,88
7% <sup>1</sup>	Rente 69/84	94,00	7,29	7,29	7,29	1. 3,80
7% <sup>1</sup>	Rente 79/87 (G)	94,00	7,44	8,87	4,33	1. 6,97
9% <sup>1</sup>	Rente 82/82	104,25	9,04	8,59	9,29	1. 16,52
9% <sup>1</sup>	Rente, Chile 80/88	96,10	10,04	12,80	9,22	1. 8,88

